



**DIRECTORS' REMUNERATION POLICY FOR 2022, 2023 AND 2024, THE AMENDMENT OF WHICH IS SUBMITTED FOR APPROVAL BY THE 2022 GENERAL SHAREHOLDERS' MEETING AS ITEM 10 ON THE AGENDA FOR THE PURPOSES OF ARTICLE 529 NOVODECIES OF THE CORPORATE ENTERPRISES ACT AND ARTICLE 36 OF THE ARTICLES OF ASSOCIATION.**

At its Article 529 novodecies of the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010 (hereinafter, the "LSC") establishes that the directors' remuneration policy must comply with the remuneration system set forth in the Articles of Association and shall be approved by the general shareholders' meeting as a separate item on the agenda, so as to be applied for a maximum period of three fiscal years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

April 16, 2021, the The Board of Directors (hereinafter, the "Board") of Enagás, S.A. (hereinafter, "Enagás" or the "Company") resolved at its meeting held on February 21, 2022, agreed to submit for the approval by of the General Shareholders' Meeting (hereinafter, the "Meeting"), for the purposes envisaged set out in Article 529 novodecies of the Consolidated Text of the Spanish Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010 of July 2 (hereinafter, the "Spanish Corporate Enterprises Act"), LSC and Article 36 of the Company's Articles of Association (hereinafter, the "Articles of Association"), the proposed proposal to amend the "Directors' remuneration policy Remuneration Policy for the 2022, 2023 and 2024" financial years, (hereinafter, the "Policy") described in which was approved by the Shareholders' Meeting as item 10 on May 27, 2021. If approved, this document. Policy will replace in its entirety the Policy approved by the Enagás Board on May 27, 2021, without prejudice to the effects produced and consolidated under its validity.

The Sustainability, Appointments and Remuneration Committee (hereinafter, the "CSNR" or the "Committee") drafted the specific report referred to in Article 529 novodecies of the Spanish Corporate Enterprises Act on the amendments made to the Policy and was made available to shareholders in the way envisaged therein.

The Policy, approved under item 10 of the General Shareholders' Meeting held on May 27, 2021, which received 83.283% of votes in favour, is amended for the following reasons:

- (i) At the General Shareholders' Meeting called for March 30 and 31, 2022, the termination of the Executive Chairman's executive duties will be approved, and from that date he will have the status of non-executive Chairman of the Board of Directors. Mr Llardén has waived any compensation he may be entitled to as a result of the termination of his contract as an executive director of the Company.

It is therefore necessary to modify the Policy, removing references to the Executive Chairman as an Executive Director of the Company, establishing his new remuneration conditions as a non-executive Chairman.

- (ii) As a result of the decisions adopted by the Board of Directors of Enagás on February 21, 2022, the Chief Executive Officer has been replaced, and it is therefore necessary to establish the remuneration conditions of the new Chief Executive Officer.
- (iii) A new target is included in the long-term variable remuneration described in the Policy.
- (iv) The maximum annual limit on the remuneration of directors in their capacity as such is modified.

For the purposes envisaged in Article 529 septedecies of the ~~Spanish~~ Corporate Enterprises Act, the policy ~~submitted for the Shareholders' Meeting's approval~~ includes the maximum annual remuneration amount to be paid to all the directors in their status as such during the ~~three~~ years in which the ~~policy~~ Policy is applied.

Likewise, for the purposes ~~envisaged set forth~~ in ~~Article~~ article 529 octodecies of the ~~Corporate Enterprises Act~~ LSC, the ~~policy approved by the Shareholders' Meeting's approval~~ Policy includes, ~~regarding the with respect to~~ directors with executive ~~functions~~ duties, the amount of the fixed annual remuneration and the ~~variation therein~~ other provisions referred to in the period, ~~the different parameters for setting the variable components and the main conditions of directors' contracts and, in particular, the length of their contracts, compensation for early removal or termination of the contractual relationship, and exclusivity, post-contractual non-competition and seniority or loyalty arrangements-~~ article 529 novodecies of the LSC.

In any event, it should be noted that the contents of this Policy shall be understood to be without prejudice to any deferred payments to be made to current executive directors ~~as or~~ executive directors removed prior to the approval of the amendment to the Policy, and which correspond to variable remuneration from previous years, ~~which shall be governed by subject to~~ the provisions of the policy in force at the time they were granted.

Law 5/2021, of April 12, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with regard to the promotion of long-term shareholder ~~involvement~~ engagement in listed companies, establishes that the proposed new policy must be submitted for approval by the board before the end of the ~~final~~ last year of ~~validity~~ application of the previous policy, and also incorporates the obligation to adjust the remuneration policy to the modifications introduced by this new legal text at the first meeting held six months after its entry into force. The Policy, approved by the General Shareholders' Meeting on May 27, 2021, is adapted to the aforementioned Law 5/2021.

This document describes the process of elaboration and determination of the criteria followed in the content of this Policy.

## **I. PROCESS OF DETERMINING THE DIRECTORS' REMUNERATION POLICY.**

### **A) ~~A~~ FUNCTIONS PERFORMED BY THE CSNR.**

The Policy has been proposed to the Board by the Sustainability, Appointments and Remuneration Committee (CSNR-). The CSNR held meetings specifically to prepare its proposal on January 7, January 13, January 22, February 3, February 18, February 22 and

April 16~~th~~, 2021. The CSNR has held a specific meeting to prepare its modification proposal on February 21, 2022. At ~~the latter~~this meeting, it was agreed ~~on~~to modify the Policy to propose to the Board, in accordance with the provisions of Article 529 quindecies of the Corporate Enterprises Act and Article 45 of the Articles of Association.

The functions of the CSNR in relation to the design and application of the Remuneration Policy are described in Article 45 of the Articles of Association, Article 25 of the Board Regulations and Article 8 of the CSNR Regulations. The text of these articles is included as an Annex to this Policy.

In preparing the proposed Remuneration Policy, the CSNR ~~has~~ considered the external and internal factors detailed in the following sections.

## B) ~~B~~ REGULATORY FRAMEWORK.

### • **Corporate Enterprises Act:**

- Article 529 sexdecies. ~~Necessarily remunerated~~ Remunerated.
- Article 529 septdecies. Remuneration of directors in their capacity as such due to their membership on the Board.
- Article 529 octodecies. Remuneration of directors for performing executive duties.
- Article 529 novodecies. Approval of the directors' remuneration policy.
- Article 217. Directors' remuneration.
- Article 219. Remuneration linked to the company's shares.
- Article 511 bis. Additional competencies.

The text of these articles is included as an Annex to this Policy.

- Law 5/2021, of April 12, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of ~~2~~ July 2, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.

Given that the contents that this Law 5/2021 establishes in relation to the remuneration policy are adapted to the requirements of Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 amending Directive 2007/36/EC with regard to encouraging long-term shareholder engagement, Enagás has incorporated those contents into this Policy.

### • **Articles of Association:**

- Article 18. General Shareholders' Meeting.
- Article 36. Remuneration of the Board of Directors.

The text of these articles is included as an Annex to this Policy.

- **Rules and Regulations of the General Shareholders' Meeting and Rules and Regulations of the Board of Directors of Enagás.** Both corporate rules contain provisions that correlate with the legal and statutory provisions transcribed above in relation to the remuneration of the Company's directors and senior managers and to the functions of the General Meeting and the Board in relation to such matters. It is worth highlighting the provisions of Article 16 of the Board Regulations ~~of the Board of Directors~~ with regard to the remuneration of Directors, the literal text of which is detailed in the Annex to this Policy.

## C) ~~C~~ RECOMMENDATIONS OF THE GOOD GOVERNANCE CODE OF THE CNMV.

The Good Governance Code of the National Securities Market Commission (hereinafter the "CNMV") of February 2015, revised in June 2020, sets forth a series of recommendations, under the "comply or explain" principle, in relation to ~~directors'~~ Directors' remuneration.

## D) ~~D~~ CONSIDERATION OF THE VOTING CRITERIA FOR INSTITUTIONAL INVESTORS AND THEIR PROXY ADVISORS.

Enagás periodically carries out a consultation process with the main institutional shareholders and proxy advisors. The Board of Directors and the CSNR receive detailed information on this process for consideration in determining the Policy.

This Policy includes, for example, following a comment received from one of the main proxy advisors, a description of the process followed by the CSNR for the selection of the comparator group to be used as a reference for defining the parameters and limits of this Policy.

In addition, some of the improvements introduced in this Policy with respect to the previous policy valid until 2021 are also the result of the analysis of the recommendations of investors and benchmark indices. This is the case, for example, of the inclusion in this Policy of a specific chapter dedicated to defining the shareholding requirements established for the Executive ~~Directors~~ Director.

## **E) ~~E~~ CONSIDERATION OF THE REMUNERATION CONDITIONS OF EMPLOYEES AS A WHOLE AND THE PERSPECTIVE OF THE MANAGEMENT TEAM.**

The structure of the remuneration package for Enagás employees is based on the principle that it should be sufficient to attract and retain the best talent and be competitive within the sector, by rewarding employees for their contribution to the Group's results. It is guided by local market practice, as well as by the level of responsibility, reflecting the nature of Enagás' business. There is a clear alignment between the remuneration structures of senior management, including the Executive ~~Directors~~ Director, and those of other employees, in the way remuneration principles are followed, as well as in the mechanics of the pay review process and the design of incentives, which are broadly consistent across the organisation.

The type of metrics to which the annual variable remuneration and long-term incentives are linked are aligned for the management team and the rest of the employees. There is a significant focus on performance-related pay, with appropriate levels of differentiation to ensure that remuneration is invested in the talent that will make the greatest contribution to the execution of Enagás' strategy.

The remuneration approach for the Executive ~~Directors~~ Director is consistent with the remuneration package for members of the Management Committee and other senior managers. In general, a much higher proportion of the total remuneration of the Executive ~~Directors~~ Director is linked to the Company's results, compared to other employees, so that remuneration will increase or decrease in line with corporate results, thereby aligning the interests of the Executive ~~Directors~~ Director with those of Enagás' shareholders and other stakeholders.

Each year, the Board of Directors and the Committee are informed of the structure and amount of the remuneration structure for all employees. The Board of Directors, at the proposal of the CSNR, also considers the annual salary increase budgets for employees, as well as the remuneration of the management team.

### **E.1) Equal pay strategy.**

Based on the results of the diagnosis carried out and the strategy established by Enagás in the area of Diversity and Inclusion (D&I), and in order to achieve a leading position for Enagás in D&I for our stakeholders, which generates a competitive advantage for our business and favours innovation and commitment, the Company undertakes to implement the action plan defined in the aforementioned strategy over the period 2022-2024, to develop and consolidate its position in each of the areas of diversity at Enagás.

With regard to pay equity, Enagás undertakes to conduct an in-depth analysis of the Gender Pay Gap carried out by WTW in 2020 and 2021, with the aim of establishing an action plan under Fair Pay criteria to correct any gaps detected, beyond the obligations

established in the current legislative framework. This action plan will contain measures applicable to all Human Resources processes around the professional's life cycle.

## **F) MARKET CONDITIONS.**

### **F.1) Comparison groups.**

The CSNR has considered, as a further factor in the process of determining this Policy, the conclusions of various analyses by comparing the total remuneration strategy (market positioning and remuneration mix) of Enagás' Directors and management team, as well as the design of the various elements of remuneration, with market practice in comparable companies.

In order to define the market of comparable companies, a holistic view has been considered that includes competitors by activity, by capital resources and by talent. As a result, the comparison groups used are as follows:

- **Main group:** Ibex-35 Spanish energy companies (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa).
- **Two complementary groups:** Ibex-35 and European Transmission System Operators ("TSOs") and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena), for which public information is available.

Both the core and complementary Ibex-35 groups were used in previous policy development (2016-2018; 2019-2021). The group of European TSOs and companies with regulated revenues supplements the view by activity. These groups will also be considered in the evaluation of decisions on the implementation of this Policy.

### **F.2) Independent external advice.**

The CSNR has benefited from the independent external advice of the firm Willis Towers Watson, which carried out the market analyses indicated and presented alternatives for the design of this Policy. The CSNR also relied on the firm Garrigues, which advised on the legal and tax aspects referred to in this Policy.

## **II. ENAGÁS DIRECTORS' REMUNERATION POLICY FOR 2022, 2023 AND 2024.**

The essential purpose of this document is to submit the "~~Director~~ Directors' remuneration policy for the 2022, 2023 and 2024 financial years" to the General Meeting for approval for the purposes envisaged in Article 529 novodecies of the Spanish Corporate Enterprises Act.

The Policy for the period 2022-2024 is intended to be of a continuing nature and therefore maintains the fundamental premises that inspired the previous Policies for the periods 2016-2018 (approved by the General Shareholders' Meeting on March 18, 2016 with 82.526% of votes in favour) and 2019-2021 (approved by the General Shareholders' Meeting on March 29, 2019 with 85.784% of votes in favour). Technical improvements have been introduced to enhance the alignment of the Policy with the interests of Enagás' stakeholders, particularly those of our shareholders. Specifically:

- The minimum permanent shareholding requirement for the Executive ~~Directors~~ Director (described in section II.B.6) has been formalised. This strengthens the alignment of the Executive Directors Director with our shareholders.

- A holistic view of the market has been considered through consideration of the aforementioned comparison groups.
- The *malus* and *clawback* clauses on variable remuneration, both annual and long-term, have been formalised. While the Board, at the proposal of the CSNR, was already empowered to implement them, this issue has been clarified in this Policy.

The first premise of this Policy is the commitment made by the Board to shareholders at the Ordinary General Meeting held in 2015 to introduce a Long-Term Incentive (ILP) in the remuneration structure of Executive Directors, which will also be applicable to the Company's management team, and which complies with the remuneration recommendations of the CNMV's Good Governance Code and with the most generally accepted criteria regarding these types of remuneration.

The second premise considered in this Policy is the obligation of the CSNR and the Board to maintain a remuneration policy that is suitable, in structure and amount, for achieving the objectives of the Company's Strategic Plan, promoting the creation of value for Enagás' stakeholders, particularly our shareholders, compensating capacity and effort proportionally and retaining the talent that the Company needs. These must be in accordance with general market conditions with respect to the Company's peers and its performance at all times.

To this end, a new analysis has been conducted on the adequacy of the Directors' remuneration position. As indicated above, three comparison groups have been considered in order to provide a complete picture of the market. Specifically, the main comparison group of Ibex-35 energy companies (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa) has been maintained, in line with previous policies. By way of contrast, the analyses have been supplemented with the remuneration information of the Ibex-35 companies (also considered in previous policies), as well as European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena). For these purposes, the ~~latest~~ known public data, for financial year 2020, were used.

These analyses were prepared with regard to the remuneration of the Directors in their capacity as such, the remuneration of the Executive ~~Directors~~Director and the remuneration of the members of the Management Committee and other Company managers.

In relation to the application of the previous 2019-2021 policy, the conclusions of the analyses indicate that the positioning of the remuneration of the Directors, the Management Committee and the rest of the Enagás management team is in line with or below the benchmarks established for financial year 2021.

From the quantitative point of view, the prudence criterion that was used in the definition of the previous policy was also applied in its implementation. An example of prudent implementation is the fact that, while there was a 10% cap on annual salary increases for ~~the~~ Executive ~~Directors~~Director, the CSNR and the Board did not make any salary changes for this group in any of the three years of implementation of the policy (2019, 2020 and 2021).

In this sense, the 2022-2024 Policy also includes the criterion of prudence as one of the main bases used in its definition.

The results of this analysis for each group, as well as the proposed remuneration positioning, are included in the following sections.

## A) REMUNERATION OF DIRECTORS FOR THEIR POSITION AS SUCH FROM 2022 TO 2024.

This is the remuneration received for acting as members of the Board of Directors, and whose maximum annual amount must be included in this Policy and approved by the General Meeting, in accordance with Article 529 septdecies of the Corporate Enterprises Act, Article 36 of the Articles of Association and Article 16 of the Board Regulations.

### Analysis of current positioning and remuneration limit in 2024.

As described above, a new **analysis** has been conducted **on the remuneration position** of Directors in their capacity as such with respect to three comparison groups:

- Main group, confirmed by the Spanish energy companies of the Ibex-35 (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa), and
- Two complementary groups: Ibex-35 and European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena), for which public information is available.

This analysis was conducted using 2020 data and criteria similar to those used in the definition of the previous policy.

A more restrictive benchmark has been taken to set the **remuneration limit in 2024** than was taken in the previous policy:

- The remuneration cap in 2024 will be the limit which Directors' remuneration could reach after the three years' implementation of the Policy.
- In order to provide greater assurance in identifying the appropriate comparison group, the CSNR has analysed the data for the three groups mentioned above.
- ~~In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.~~ In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.
- Thus, the remuneration limit in 2024 has been set at 90% of the median market share of the Ibex-35 energy companies in 2020.
- This limit is more restrictive than in the previous policy as it takes as a reference 90% of the median market share of the Ibex-35 energy companies considering the figures for 4 years prior to the year in which the limit is applied (2024 vs. 2020), while in the previous policy the reference was also 90% of the median market share of the Ibex-35 energy companies, but in this case the figures were 3 years prior to the year in which the limit was applied (2021 vs. 2018).
- Enagás' remuneration is below the maximum benchmark indicated.



## Remuneration proposal for 2022, 2023 and 2024.

### ~~Remuneration proposal for 2022, 2023 and 2024.~~ Individual remuneration for directors and maximum annual limit for directors' remuneration

As provided for under Article 529 septdecies of the Corporate Enterprises Act and Article 36 of the Articles of Association, the Board of Directors will pass a resolution determining how remuneration is divided for each remuneration item and for each Director, taking into account the duties and responsibilities attributed.

The individual remuneration of Directors for 2021, as set out in the 2019-2021 policy, based on the positions they hold and their attendance at meetings of the Board and its Committees ~~is was~~ as follows: (i) a fixed annual amount of 100,000 euros for Board membership; (ii) an annual variable amount of up to 30,000 euros, depending on attendance to Board meetings; (iii) a fixed annual amount for membership in Board Committees of 25,000 euros; (iv) a variable annual amount of up to 5,000 euros, depending on attendance to Committee meetings; (v) a fixed annual amount of 15,000 euros for serving as President of each Committee; and (vi) a fixed annual amount of 15,000 euros for serving as Independent Leading Director.

The non-executive Chairman of the Board shall receive an additional fixed annual remuneration of 600,000 euros for discharging this duty. This additional remuneration is justified by the particular obligation that the exercise of the functions associated with the position of Chairman, as set out in LSC and in particular in article 46 of the Articles of Association, entails in a group of the size and complexity of Enagás, together with the institutional representation associated with the position.

These amounts would be maintained throughout the term of this Remuneration Policy (2022-2024), despite the fact that they could be revised, in all cases, observing compliance with the maximum reference indicated above, based on the Group's results and in certain circumstances such as, but not limited to, material changes in the business, mandate or responsibilities and exceptional performance of the Company. In these circumstances, the Board, at the proposal of and after a reasoned report from the CSNR, may decide to apply variations limited to 10%. This would be detailed and explained in the relevant Annual Report on Directors' Remuneration.

The maximum amount of annual remuneration to be paid to all the Directors in their capacity as such in financial year 2021, as approved by the General Shareholders' Meeting in 2020, ~~amounts amounting~~ to 2,600,000 euros. ~~This limit would be maintained during~~ During the period of validity of this Remuneration Policy (2022-2024), ~~this limit amounts to 3,200,000 euros,~~ notwithstanding the fact that it could be revised during its term in the event that the 10% annual variations indicated above are applied.

In order to determine this limit, the additional fixed remuneration of the Non-Executive Chairman and the maximum number of Directors established in Article 35 of the Articles of Association (sixteen) ~~has have~~ been considered, as well as the maximum number of members on each of its Committees, which is seven, in accordance with Articles 44 and 45 of the Articles of Association. The number of ordinary meetings of the Board shall be eleven per year and there will be four meetings of each Committee.

## B) REMUNERATION OF ~~THE EXECUTIVE DIRECTORS~~DIRECTOR FOR ~~THEIR~~HIS POSITION AS SUCH FROM 2022 TO 2024.

This is the remuneration to be received by the ~~two~~ Executive ~~Directors~~ (~~Executive Chairman and Director~~ (Chief Executive Officer) for discharging ~~their~~his executive duties and due to ~~their contracts~~his contract approved by the Board of Directors in accordance with the requirements established in Article 249.3 of the Corporate Enterprises Act.

### **Analysis of current positioning and remuneration limit in 2024.**

As described above, a further analysis has been conducted on the remuneration position of the Executive ~~Directors~~Director with respect to the following comparison groups:

- Main group, confirmed by the Spanish energy companies of the Ibex-35 (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa), and
- Two complementary groups: Ibex-35 and European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium and Aena), for which public information is available.

This analysis was conducted using 2020 data and criteria similar to those used in the definition of the previous policy.

A more restrictive benchmark has been taken to set the **remuneration limit in 2024** than was taken in the previous policy:

- The remuneration cap in 2024 will be the limit at which the Executive ~~Directors'~~Director's remuneration could be capped after three years' implementation of the Policy.
- In order to provide greater assurance in identifying the appropriate comparison group, the CSNR has analysed the data for the three groups mentioned above.
- In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.
- Thus, the remuneration limit in 2024 has been set at 90% of the median market share of the Ibex-35 energy companies in 2020.
- This limit is more restrictive than in the previous policy as it takes as a reference 90% of the median market share of the Ibex-35 energy companies considering the figures for 4 years prior to the year in which the limit is applied (2024 vs. 2020), while in the previous policy the reference was also 90% of the median market share of the Ibex-35 energy companies, but in this case the figures were 3 years prior to the year in which the limit was applied (2021 vs. 2018).
- Enagás' remuneration is below the maximum benchmark indicated.

The positioning of the Executive ~~Directors~~Director with respect to this benchmark is one of the criteria that was considered to establish ~~their~~his proposed remuneration for the years 2022-2024, but it is not the main justification. Other criteria considered in establishing the proposed remuneration included: the evolution of the contribution of the position and the person, consistency with the evolution of the rest of the management team and the results of the Group.

~~From~~ The conclusions of the **analysis carried out**, ~~it can be concluded that, are still applicable~~ in the case of the Executive ~~Directors~~ Director, ~~so that~~ the total remuneration in ~~2020~~ 2022 is below the maximum benchmark set in the 2019-2021 policy (90% of the market median in 2018) and below the maximum benchmark set for the 2024 financial year (90% of the market median in 2020).

### Remuneration proposal for 2022, 2023 and 2024.

### ~~Remuneration proposal for 2022, 2023 and 2024.~~

Under the premise of maintaining continuity with the 2019-2021 Policy, a remuneration proposal for 2022-2024 was prepared with the following bases:

- ~~—~~ Maintain the level of contribution to existing social security plans.
- ~~—~~ Maintain the annual variable remuneration.
- ~~—~~ Maintain, during the three years of the period, the remuneration for the Executive ~~Directors~~ Director for ~~their~~ his Board membership, as established in section II.A).
- ~~—~~ Enable the possibility of applying variations to the fixed remuneration in the terms set out below.

In accordance with Article 529 octodecies.1 of the Spanish Corporate Enterprises Act, the following are detailed: the annual fixed remuneration amount for the ~~Executive Chairman and the~~ Chief Executive Officer and the changes in the 2022-2024 period; the different parameters for fixing variable components and the main terms and conditions of their contracts, paying particular attention to their duration, compensation for early severance or termination of the contractual relationship and exclusivity, post-contractual non-competence, permanence and loyalty pacts.

#### **1. ~~1.~~ Remuneration for being a Director.**

From 2022 to 2024, the Executive ~~Directors~~ Director shall receive the remuneration corresponding to ~~their~~ his condition as ~~Directors~~ Director, under the terms described in section II.A) above. ~~The Executive Chairman and the~~ The Chief Executive Officer, in ~~their~~ his capacity as Executive ~~Directors~~ Director, and in line with the provisions of Articles 44 and 45 of the Articles of Association, may not be ~~members~~ member of either of the two Board Committees.

#### **2. ~~2.~~ Fixed remuneration.**

The fixed remuneration of the Executive ~~Directors~~ Director in ~~2021~~ 2022 amounts to:

~~Executive Chairman: €1,000,000 euros, applicable from the date of approval of the Policy by the General Meeting in 2022.~~

~~Chief Executive Officer: €500,000~~

This amount of fixed annual remuneration will be maintained during the period of validity of this Remuneration Policy (2022-2024). However, the Board of Directors may, at the proposal of, and following a reasoned report from, the CSNR, agree specific variations in the fixed remuneration of the Executive ~~Directors~~ Director during the period of validity of this Policy. Increases to be agreed shall be justified on the basis of the following criteria:

- ~~—~~ The evolution of the contribution of the position and the person.

- ~~→~~Consistency with the evolution of the rest of the management team.
- ~~→~~The results of the ~~group~~.Group.
- ~~→~~Market benchmarks.

These potential variations associated with each year in which the Policy is in force may not exceed 10% of the fixed annual remuneration for the Executive Chairman ~~and the Chief Executive Officer.~~

~~In addition, an attempt will be made to adapt the potential variations that are carried out, maintaining the relative weight of the remuneration of the Executive Chairman and Chief Executive Officer at 55%.~~

These increases in remuneration shall be duly broken down in the Annual Directors' Remuneration Report, which is submitted annually to an advisory vote by the General Shareholders' Meeting.

Moreover, under the terms of the contracts approved by the Board, the Executive ~~Directors~~Director will receive remuneration in kind for the usual items in these types of benefits and similar ones to those for the Company's management team (i.e. car, medical insurance, etc.). ~~The Executive Directors are also insured participants in the "Company Directors' Insured Pension Plan", established by the company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the company has signed with an insurance firm.~~

Likewise, the Chief Executive Officer will participate in a social security plan with the same characteristics and rights as those granted to Enagás senior managers under the Company Directors Insured Pension Plan, for which the Company will prepare a regulation adapted to the conditions of the Chief Executive Officer. This social security system may be externalised through the subscription of a life insurance policy of which Enagás would be the policyholder and the Chief Executive Officer the insured and beneficiary.

For the 2022-2024 period, no variations are expected in the items comprising remuneration in kind (i.e. benefits in kind; life insurance premium and contributions to the ~~Directors' Pension Plans~~social security plan), and any possible differences in the amount thereof will arise from the application at any given time of the price increases and, where applicable, of the valuation rules applicable thereto.

The Executive ~~Directors are members~~Director is a member of the group insured by the civil liability policy that covers the contractual and non-contractual liabilities that correspond to the activities undertaken in ~~their~~his posts.

The Company shall pay the Executive ~~Directors~~Director the amounts incurred for travel, accommodation, board and other similar expenses as a result of carrying out ~~their~~his functions, in accordance with the expense and travel policy prevailing at the company at any given time.

### **3. Variable annual remuneration.**

As variable annual remuneration, the Executive ~~Directors are~~Director is entitled to receive an annual variable cash bonus for meeting the targets set by the Board of Directors, at the proposal of the CSNR, for the corresponding financial year. The variable bonus cannot exceed 60% of the annual fixed monetary remuneration in any case.

It is linked to the achievement of a combination of financial and non-financial objectives, reflecting the priorities of the Strategic Plan. These objectives will include, among others, economic-financial and/or value creation metrics, as well as indicators linked to the sustainability strategy.

The Board of Directors, at the proposal of the CSNR, is responsible for determining the objectives at the beginning of each financial year and for evaluating their fulfilment at the end of the financial year, for which it has the support of the internal areas of the Company, which will provide it with information on the different categories of objectives and the results obtained.

In this respect, each metric has an associated achievement scale defined according to its variability and level of demand. The maximum total incentive is capped at 100%.

The Annual Report on Directors' Remuneration will provide a breakdown of the objectives and metrics, as is the Company's usual practice.

#### 4. Long-term variable remuneration.

The Executive ~~Directors~~Director may be ~~beneficiaries~~beneficiary of an ILP, as may members of the Management Committee and the rest of the Company's management team.

The 2016-2018 Policy included an ILP as part of the foregoing Executive Director Remuneration Policy (also applicable to members of the Management Committee and the rest of the Company's management team). That Policy stated that the ILP should be maintained as part of the Company's remuneration structure and in successive Directors' remuneration policies submitted to the Board for approval, and this was done in 2019.

Given the continuity of this Policy, as indicated above, it is recommended that a new ILP be applied for the 2022-2024 period. The structure and content of the ILP would likewise be in continuity with respect to the previous ones.

To this end, Enagás is considering the possibility of implementing a new ILP ~~that will~~to be submitted for approval ~~under a specific agenda item~~as Item 9 on the Agenda of the 2022 General Shareholders' Meeting ~~to be held in 2022~~, as well as in the Plan Regulations (hereinafter, the "Regulations"), with the following fundamental characteristics:

##### 4.1. Targets.

- ~~Boost~~ Boost the sustainable achievement of the ~~objectives contemplated~~targets set out in the Company's Strategic Plan.
- ~~Provide the opportunity to share value~~ Provide the opportunity of sharing the creation ~~with~~of value by the participants.
- ~~Enhance the sense of pertaining to the Company and a common destiny.~~
- ~~Be competitive.~~
- ~~Be aligned with the requirements of the institutional investors and proxy advisors and with the best good corporate governance practices, particularly those based on the recommendations of the Good Governance Code of the CNMV.~~

##### 4.2. Type of Plan.

- ~~A Plan for the 2022-2024 period with a three-year~~ ~~objectives~~target measurement period.
- ~~The Plan would provide for the delivery of shares linked to the objectives of the Strategic Plan.~~
- ~~In the case of the Executive Directors~~Director, 100% of the ILP would be settled by the delivery of shares in the Company.

##### 4.3. ~~4.3.~~Duration.

The period for measuring objectives and permanence would be 3 years.

##### 4.4. ~~4.4.~~Period of settlement, deferral and retention of shares.

At the end of the target measurement period, the First Payment Date, consisting of the immediate payment of 50% of the shares, would take place in 2025 within 30 days following the approval of the 2024 Annual Accounts approved by the General Shareholders' Meeting.

The Second Payment Date (50% deferred) would take place on the first anniversary of the First Payment Date.

In addition, the Executive ~~Directors~~Director would be entitled to receive, in the form of shares, the net dividends, if any, that ~~they~~he would have received between the First and Second Payment Dates (hereinafter, the “Deferral Period”) if ~~they~~he had received all the shares on the First Payment Date.

The Executive ~~Directors~~Director would be obliged to maintain the shares received, net of tax, at the time of settlement of the Plan (mid 2025) for two (2) years for those received on the First Payment Date and one (1) year for those received on the Second Payment Date.

The Executive ~~Directors~~Director would have the right to receive, in the form of shares, the net dividends generated during the retention period as ~~they are owners~~she is owner of the shares.

Therefore the ILP would not have a direct effect on the Executive ~~Directors’~~Director’s remuneration in 2022, 2023 and 2024, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year.

In 2025, 50% of the ILP would be settled, and the other 50% would be deferred to 2026, thus the Executive ~~Directors~~Director would be paid the incentive according to their Level of Attainment of targets over the multi-year period.

~~They~~He would receive all this Incentive in the form of shares, and ~~they~~he would be obliged to maintain the shares received in 2025 for two (2) years, and those received in 2026 for one (1) year. In 2026, the Executive ~~Directors would be able to~~Director may freely dispose of the shares received.

#### **4.5. Conditions for receiving the incentive.**

The incentive would be linked to financial and non-financial metrics, reflecting the priorities of the Strategic Plan. Non-financial objectives linked to the sustainability strategy would be included.

Some of the metrics could be measured against a comparison group of companies that are competitors or perform similar activities.

~~Four~~Five objectives would be defined, so as to link one objective to each of the strategic guidelines established in the strategic update released in February 2021, in line with the arrangements for the annual variable remuneration:

- ~~Objective~~Target 1. To be linked to the strategic guideline of ~~shareholder remuneration~~.Shareholder Remuneration.
- ~~Objective~~Target 2. To be linked to the strategic guideline of ~~Regulated Revenues and digitalisation~~.Global Business.
- ~~Objective~~Target 3. To be linked to the ~~Diversification and International~~ strategic guideline ~~of International and Diversification.~~
- ~~Objective~~Target 4. To be linked to the ~~Sustainability and Decarbonisation~~ strategic guideline of Sustainability.
- Target 5. To be linked to the strategic guideline of Digitalisation.

The Board, at the proposal of the CSNR, approves the metrics, weightings, targets and, where appropriate, the comparator group at the start of the Plan to ensure continuous alignment with the Company's strategy. The Board of Directors, at the behest of the CSNR, reserves the right to modify the parameters established in the event of certain exceptional circumstances, to make them more adequate for new business circumstances, in which case they will ensure that the impact on the Plan is neutral.

Reception of the incentive would also depend on the Executive ~~Directors~~Director remaining with the Enagás Group until the date of Plan settlement, except under the special circumstances explained in the Plan regulations.

#### 4.6. Achievement scales.

An achievement scale is established for each goal with:

- ~~—~~A minimum achievement level, below which no remuneration is paid.
- ~~—~~A 100% achievement level, for which 100% of the initial target remuneration is paid.
- ~~—~~A maximum total incentive which cannot exceed 125% of the initial target Incentive.
- ~~—~~Intermediate levels are calculated using linear interpolation.

#### 4.7. ~~4.7.~~ Incentive level.

For ~~the~~ Executive ~~Directors~~Director the annual incentive in the 100% achievement scenario would be 50% of ~~their~~his annual fixed remuneration in 2022.

#### 4.8. ~~4.8.~~ Authorisation to implement the action plan.

~~Regardless~~Pursuant to article 219 of the ~~preceding description of the ILPLSC~~, the Board shall submit to the resolution submitting the Plan for approval as item 9 on the Agenda for the 2022 General Shareholders' Meeting, in accordance with Article 219 of the Spanish Corporate Enterprises Act, an express resolution to approve the ILP which must include the delivery of shares. This agreement shall include the maximum number of shares that may be allocated in each financial year ~~by~~under this remuneration ~~systems~~scheme, the value of the shares ~~that may be taken as a, if any, by~~ reference, the ~~term~~duration of the ~~Plan~~plan and other ~~characteristics of the Plan~~features.

The Board of Directors has agreed to propose to the meeting to be held in financial year ~~2021 the approval of this Policy and to postpone to the meeting to be held in 2022, if appropriate,~~2022 the proposed resolution relating to the ~~ILP~~plan referred to in Article 219 of the Corporate Enterprises Act so that the latter may contain the detail required by current legislation and good governance best practices, all in accordance with the provisions of this Policy.

If the minimum degree of achievement of objectives is not met, the incentive shall amount to zero.

#### 5. Malus and clawback clauses.

In certain circumstances, the Board, at the proposal of the CSNR, may cancel ("malus") any variable components of the variable remuneration that are pending payment and/or may reclaim ("clawback") part or all of the variable components of the remuneration paid,



when there are certain exceptional circumstances that affect the Company's results, or that derive from inappropriate conduct by the Executive Director.

The clawback clauses shall be applicable for a period of two years from the date of payment of the variable remuneration.

Among other circumstances, the variable remuneration may be cancelled and/or its return demanded in the following cases:

~~\_\_\_\_\_~~  If the Company's financial statements have to be restated for a reason other than the modification of the applicable accounting standards.

~~\_\_\_\_\_~~  If the Executive Director is sanctioned due to serious breach of the code of conduct and other applicable internal regulations.

~~\_\_\_\_\_~~  When any component of variable remuneration has been totally or partially settled and paid based on information which is subsequently clearly proven to be false or seriously inaccurate.

~~\_\_\_\_\_~~  Other circumstances not foreseen or assumed by the Company that have a material negative effect on the income statements for any of the years of application of the clawback clauses.

~~\_\_\_\_\_~~  When the Company's external auditor makes qualifications in the audit report that reduce the results taken into consideration to determine the amount of variable remuneration to be paid.

## **6. Minimum permanent shareholding requirement.**

This requirement, to which the foregoing Executive Directors were already committed, is formalised to reinforce the alignment of their interests with those of shareholders and the alignment of the Policy with corporate governance recommendations.

~~The~~ Executive ~~Directors are~~ Director is required to reach and maintain a certain number of shares in Enagás, S.A. The requirement amounts to 2 years' fixed remuneration.

The deadline for meeting this requirement is five years from approval of ~~this~~ the Remuneration Policy. For new appointments, the period shall run from the date of appointment.

In order to achieve this objective, the actions of non-vested incentives plan are not considered.

The CSNR shall periodically review compliance with this requirement.

## **7. ~~7.~~ Main terms and conditions of contracts**

### **~~7.1. Executive Chairman.~~**

~~For the purposes of Article 529 octodecies, the main terms and conditions of the contract with the Executive Chairman are stated below:~~

~~The relationship between Enagás and the Executive Chairman is governed by a "Service provision contract for the position of Executive Chairman", approved by the Board of Directors in accordance with all the requirements envisaged in Article 249.3 of the Spanish Corporate Enterprises Act. The contract is aimed at regulating the rights and obligations for the parties as a result of the position of Executive Chairman, which corresponds to Mr Antonio Llardén Carratalá since his appointment by the Board on January 24, 2007. The~~

~~contract stipulates the period during which the Executive Chairman performs his duties as such.~~

~~The contract regulates the services provided by the Executive Chairman when carrying out his functions and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event that the Company freely decides to terminate the contract for whatever reason, as long as this is not due to a breach or being guilty of any actions by the Executive Chairman or because the Company has failed to comply with its contractual obligations, the Executive Chairman will be entitled to an indemnity equivalent to two years' salary of his annual remuneration, understood as that held by the Chairman at the time of the termination of employment plus the remuneration in kind and the last annual variable remuneration received. The compensation for this item was fixed at three years but the Chairman reduced this to one year in 2016 to better conform with the best practices of good governance.~~

~~The contract contains an exclusive dedication agreement for the Executive Chairman, which stipulates that the latter cannot provide services of any kind to third parties or form part of any other company or legal firm without the explicit authorisation of the Board. No economic compensation for the Executive Chairman is envisioned for this concept. Neither does the contract include an economic compensation for arrangements of non-competition after contract termination. The permanence and loyalty of the Executive Chairman are motivated by the participation in the "Company Directors' Insured Pension Plan", described above.~~

## ~~7.2. Chief Executive Officer.~~

For the purposes of Article 529 octodecies, the main terms and conditions of the contract with the Chief Executive Officer are stated below.

The relationship between Enagás and the Chief Executive Officer is governed by a "Service provision contract for the position of Chief Executive Officer", approved by the Board of Directors in accordance with all the requirements envisaged in ~~Article~~article 249.3 of the Spanish Corporate Enterprises Act. The ~~purpose of the contract is to regulate~~aimed at regulating the rights and ~~duties~~obligations for the parties as a result of the ~~parties derived from the~~ position of Chief Executive Officer ~~that, which~~ corresponds to Mr ~~Marcelino Oreja Arburúa~~Arturo Gonzalo Aizpiri since his appointment by the Board on ~~September 17, 2012~~February 21, 2022. The contract stipulates the period during which the Chief Executive Officer performs his duties as such.

The contract regulates the duties of the Chief Executive Officer and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event that the Company freely decides to terminate the contract for whatever reason, as long as this is not due to a breach or being guilty of any actions by the Chief Executive Officer or because the Company has failed to comply with its contractual obligations, the Chief Executive Officer will be entitled to an indemnity equivalent to two years' salary of his annual remuneration, understood as that held by the Chief Executive Officer at the time of the termination of employment plus the remuneration in kind and the last annual variable remuneration received.

The contract establishes an exclusivity arrangement for the Chief Executive Officer, through which he cannot provide services of any nature to third parties or participate in or form part of another company or legal entity without the Board's express authorisation. No economic compensation for the Chief Executive Officer is envisioned for this concept. The contract includes a non-competition arrangement after its termination, which expires two years afterwards. As compensation for this non-competition agreement, the ~~company~~Company shall pay the Chief Executive Officer 80% of the fixed annual remuneration for each of the years contemplated by the agreement. Nonetheless, the resulting amount shall be subtracted from the amount in his favour in the ~~"Directors' Insured Pension Plan"-social security plan established by the Company.~~ "Directors' Insured Pension Plan"-social security plan established by the Company. The Chief Executive Officer's permanence and loyalty are incentivised through his participation in the aforementioned ~~"Company's Directors' Pension Plan"-social security plan established by the Company.~~ "Company's Directors' Pension Plan"-social security plan established by the Company.

### ~~7.3. Executive Director contracts (Executive Chairman and Chief Executive Officer).~~

~~The contracts with~~When necessary, the ~~Chairman and with corresponding amendment of~~ the Chief Executive ~~Officer can~~Officer's contract shall be ~~amended when necessary~~made in order to comply with the provisions of Article 249.3 of the ~~Spanish Corporate Enterprises Act~~LSC and the Recommendations of the CNMV's ~~Code of Good Governance.~~ Code.

### **C) ANNUAL CEILING ON BOARD REMUNERATION.**

The maximum total amount that the Company may pay its directors in each of the three years covered by this Policy (2022 to 2024) shall be the sum of the following items:

- A) ~~A)~~** Maximum amount of remuneration to be paid to all of the Directors in their capacity as such, which amounts to the maximum annual amount of ~~2,6003,200,000~~2,6003,200,000 euros ~~for the 2021 financial year~~ and which would be maintained during the period of validity of this Remuneration Policy (2022-2024). This amount may vary by 10% per annum over the term of the Remuneration Policy.
- B) ~~B)~~** The amount to be paid to the Executive ~~Directors~~Director in application of the various remuneration items listed and explained in section II.B) of this Policy.
- C) ~~C)~~** The amount of the compensation referred to in ~~headings~~heading II.B.7.1 ~~and H.B.7.2~~ of this Policy in the event of termination with a right to compensation of any of the Chief Executive ~~Directors~~Officer, as well as the amounts that could be paid ~~to the Chief Executive Officer~~ corresponding to compensation for post-contractual non-competition agreements during the term of this Policy.

### **D) ~~D)~~ TEMPORARY EXCEPTIONS TO THE POLICY.**

The Board of Directors, at the proposal of the CSNR, may approve the temporary exceptions to the Remuneration Policy where it is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

In this regard, the Board of Directors shall be required to have a prior report from the CSNR assessing the circumstances that make it necessary to apply the temporary exceptions and the specific remunerations, within those provided for in ~~section II.B))~~section II.B)), that should be subject to exception or modification.

The Board, after reviewing the CSNR's previous report, will determine whether the application of the temporary exceptions is appropriate, as well as the components that are affected by it.

In any case, the Company shall include in the Annual Report on Directors' Remuneration information on the exceptional situation that has led the Board to approve the application of the temporary exception, as well as the remuneration affected.

~~**E) CONTRIBUTION OF THE REMUNERATION POLICY TO THE STRATEGY, INTERESTS AND LONG-TERM SUSTAINABILITY OF THE COMPANY.**~~

**E) CONTRIBUTION OF THE REMUNERATION POLICY TO THE STRATEGY, INTERESTS AND LONG-TERM SUSTAINABILITY OF THE COMPANY.**

The remuneration policy for Enagás is a key tool for promoting and communicating the company's strategic commitments and for aligning the efforts of all employees with these strategic commitments.

On the one hand, the annual review of the fixed remuneration of all employees is linked to the evaluation of their performance with respect to the company's values.

On the other hand, both the annual objectives and the multi-year objectives included in the short and long-term variable remuneration are defined in line with each of the strategic priorities.

Sustainability has been one of Enagás' strategic priorities since 2009 and is therefore included in the company's annual objectives, linked to the variable remuneration of all professionals, as well as in the Long-Term Incentive Plan.

The remuneration policy has therefore been and will continue to be a fundamental lever for sustainability to become a concept that is integrated into the day-to-day work of all areas of the company. This approach means that we can anticipate risks and opportunities arising from the context of transformation in which we are operating, thus creating ever greater confidence in our stakeholders.

In addition, the new remuneration policy includes a series of improvements aimed at reinforcing the commitment of the Executive ~~Directors~~ Director and the management team to the company's long-term approach and its commitment to society. Some of the improvements introduced in this line have been to include a specific section on the shareholdings of the senior ~~managers~~ manager, as well as a section on the Equal Pay Strategy. Likewise, the malus and clawback clauses on variable remuneration, both annual and long-term, have been improved and formalised in order to reinforce the long-term commitment in management decisions.

For this reason, one of the principles on which the definition of this policy was based, and which is considered as such in the different sections of the policy, is to contribute to the long-term sustainability of Enagás.

**F) COMPANY REMUNERATION POLICY REGARDING THE MEMBERS OF THE MANAGEMENT COMMITTEE AND THE REST OF THE MANAGEMENT TEAM.**

This Policy, which is submitted for the approval of the Meeting for the purposes of Article 529 novodecies of the Corporate Enterprises Act, does not cover the remuneration policy that the Company will follow for members of the Management Committee and the rest of the Management team. This is without prejudice to the fact that changes in the remuneration of the members of the Management Committee must be submitted to the Board for approval in accordance with the provisions of ~~Article~~ article 249 bis of the Capital Enterprises Act.



However, to the extent that the entire remuneration policy of the Company should be considered as a whole, in this section the Board informs the Meeting of the policy that, as with the proposal for the Executive ~~Directors~~Director, will apply to the members of the Management Committee (currently ~~nineteen~~, excluding Executive Directors) and the Managers (currently ~~forty-one~~two).

### **Analysis of current positioning and remuneration limit in 2024.**

The CSNR, with the collaboration of the independent consultant Willis Towers Watson, extended the analysis of the remuneration positioning to the members of the Management Committee and the rest of the Management team.

The comparison groups are those also used in the analyses carried out for Directors, i.e. Spanish Ibex-35 energy companies as the main group, as well as Ibex-35 companies and European TSOs and other companies with regulated revenues as complementary groups.

This analysis was conducted using 2020 data and criteria similar to those used in the definition of the previous policy.

A more restrictive benchmark has been taken to set the **remuneration limit in 2024** than was taken in the previous policy:

- The remuneration limit in 2024 will be the limit which the remuneration of the members of the Management Committee and the rest of the management team could reach after the three years of application of the Policy.
- In order to provide greater assurance in identifying the appropriate comparison group, the CSNR has analysed the data for the three groups mentioned above.
- In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.
- Thus, the remuneration limit in 2024 has been set at 90% of the median market share of the Ibex-35 energy companies in 2020.
- This limit is more restrictive than in the previous policy as it takes as a reference 90% of the median market share of the Ibex-35 energy companies considering the figures for 4 years prior to the year in which the limit is applied (2024 vs. 2020), while in the previous policy the reference was also 90% of the median market share of the Ibex-35 energy companies, but in this case the figures were 3 years prior to the year in which the limit was applied (2021 vs. 2018).
- The positioning of the management team with respect to this benchmark is one of the criteria that was considered to establish their proposed remuneration for the years 2022-2024, but it is not the main justification. Other criteria considered in establishing the proposed remuneration included: the evolution of the contribution of the position and the person, consistency with the evolution of the rest of the management team and the results of the Group.

### **Remuneration proposal for 2022, 2023 and 2024.**

Apply annual increases that allow the target positioning to be reached (90% median of the benchmark market of Ibex-35 energy companies in 2020) by the end of financial year 2024.

The annual increases applied must have the approval of the Board at the proposal of the CSNR and must be justified based on the following criteria:

- ~~→~~The evolution of the contribution of the position and the person.
- ~~→~~Consistency with the evolution of the rest of the management team.
- ~~→~~The results of the ~~group~~.Group.
- ~~→~~Market benchmarks.

The changes in the financial terms for members of the Management Committee must be approved by the CSNR and the Board in accordance with the provisions of Article 249 bis of the Corporate Enterprises Act. These changes will be made in accordance with the general policy set forth by the CNR for this purpose.

Changes in the economic conditions of the rest of the management team will be implemented in accordance with the general policy set by the Company.

The modifications referred to in the two preceding paragraphs may not entail individual annual increases of more than 20% of the fixed remuneration.

And for the appropriate legal effects, it is hereby stated that the Board of Directors formulates this proposal for ~~at the amendment of the~~ "Directors' remuneration policy for the 2022, 2023 and 2024 financial years" at its meeting held on ~~April 19, 2021~~.February 21, 2022.

The secretary to the Board of Directors

Rafael Piqueras Bautista

Enagás, S.A.



**ANNEX**

~~APPENDIX~~ TO SECTION I.A. FUNCTIONS PERFORMED BY THE SUSTAINABILITY, APPOINTMENTS AND REMUNERATION COMMITTEE

**"Article 45 of the Articles of Association**

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

~~(g)~~ the CSNR shall be responsible for proposing to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or ~~Executive Directors~~ Chief Executives, along with individual remuneration and other contractual terms of Executive Directors, also to ensure that said policy is observed."

**"Article 25 of the Rules and Regulations of the Board**

The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote. Under Article 45 of the Articles of Association, the Committee has the following duties and powers:

l) ~~h)~~ To propose to the Board of Directors the remuneration policy for Directors and Senior Managers, checking that it is observed. To this end, the Committee will periodically review the remuneration policy for Directors and Senior Managers and ensure that their individual remuneration is proportional to that paid to the other Directors and Senior Managers of the Company.

m) ~~n)~~ To propose to the Board of Directors the individual remuneration and other contractual conditions of the Executive Directors.

n) ~~o)~~ To propose to the Board the standard conditions for Senior Managers' contracts.

o) ~~p)~~ To verify information on remuneration of Directors and Senior Managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration: " ".

**"Article 8 of the Rules and Regulations of the CSNR**

2. In order to achieve these objectives, the Sustainability, Appointments and Remuneration and Corporate Social Responsibility Committee, in addition to those rules legally established for this Committee, will carry out the following functions:

(iv) Competencies relating to the remuneration of Directors and Senior Managers

a) ~~a)~~ To propose to the Board of Directors the remuneration policy for Directors and Senior Managers, checking that it is observed. To this end, the Committee will periodically review the remuneration policy for Directors and Senior Managers and ensure that their individual remuneration is proportional to that paid to the other Directors and Senior Managers of the Company.

b) ~~b)~~ To propose to the Board of Directors the individual remuneration and other contractual conditions of the Executive Directors, verifying that they are consistent with the remuneration policies in force.

c) ~~c)~~ To propose to the Board of Directors the basic conditions for the Senior Management contracts, verifying that they are consistent with the remuneration policies in force.

d) ~~e)~~ — To verify information on remuneration of Directors and Senior Managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration."

## **APPENDIX ANNEX TO SECTION I.B. CORPORATE ENTERPRISES ACT**

**"Article 529 sexdecies. ~~Necessarily remunerated.~~ Remunerated.**

Unless otherwise stipulated in the Articles of Association, the role of director of a listed company shall, ~~by necessity,~~ be remunerated."

**"Article 529 septdecies. Remuneration of Directors in their capacity as such due to their membership on the Board.-**

~~1. 1. The directors' remuneration for the duties to be performed by the directors in their capacity as members of the Board or its Committees shall be governed by the remuneration system provided for in the Articles of Association pursuant to article 217 and the remuneration policy approved in accordance with the provisions of article 529 novodecies.~~

~~1.2. The remuneration policy shall determine the directors' remuneration for their position as such, within the remuneration system foreseen in the Articles of Association and must include by necessity, at least the maximum amount of annual remuneration to satisfy be paid to all directors in that condition members of the Board of Directors in their capacity as members of the Board and the criteria for allocating the remuneration according to the duties and responsibilities assigned to them.~~

~~2.3. 2. The board Board of directors shall be Directors is responsible for determining the individual remuneration of each director as such. It shall take into account the duties and responsibilities attributed to each director, membership of board committees and any other objective circumstances it considers relevant. "in their capacity as a director within the framework of the Articles of Association and the Remuneration Policy, subject to a report of the Appointments and Remuneration Committee".~~

**"Article 529 octodecies. Remuneration of directors for performing executive duties.**

~~1. 1. Remuneration The remuneration of directors for fulfilling the executive duties foreseen in the of Chief Executive Officers and other directors to whom such functions are assigned by virtue of other titles shall be in accordance with the Articles of Association and, in any case, with the remuneration policy approved ~~contracts,~~ pursuant to the provisions of Article article 529 novodecies and the contracts approved in accordance with the provisions of article 249, shall be adjusted to the directors'.~~

~~1.2. The remuneration policy, which, by necessity, must include shall establish at least the amount of the sum of fixed annual remuneration and variations thereof, during the period to which the policy refers; the different parameters for fixing variable components and the main terms and conditions corresponding to the directors for the performance of their contracts, paying particular attention executive duties and other provisions referred to their duration, compensation for early severance or termination of the contractual relationship and exclusivity, post-contractual non-competence, permanence and loyalty paets in the following article.~~

~~2.3. 2. The board Board of directors Directors is responsible for fixing directors' remuneration for performing their executive duties and for the terms and conditions of their contracts with determining the company, in accordance with the provisions of Article~~

~~249.3 and individual remuneration of each director for the performance of the directors' executive duties attributed to them within the framework of the remuneration policy, approved by the general meeting," and in accordance with the provisions of their contract, subject to a report by the Appointments and Remuneration Committee".~~

**"Article 529 novodecies. Approval of the directors' remuneration policy.**

1. ~~1. The Directors' remuneration policy will~~ shall be ~~adjusted to~~ keeping with the remuneration system provided for ~~in the Articles of Association herein,~~ and ~~will~~ shall be approved by the General Shareholders' Meeting ~~at least every three years~~ as a separate item on the Agenda to be applied for a maximum period of three financial years. However, the proposals for new Directors' remuneration policies must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.
2. ~~2. The remuneration policy, together with the date and result of the vote, will be accessible on the Company's website free of charge as soon as it is approved and for at least as long as it is applicable.~~
3. The remuneration policy shall comply with the following requirements:
  - (a) It contributes to the company's strategy and long-term interests and sustainability and explains how it does so.
  - (b) It shall be clear and understandable and describe the various components of fixed and variable remuneration, including all bonuses and other benefits in any form that may be awarded to directors, indicating their relative proportions.
  - (c) It shall set out how the remuneration and employment conditions of the company's employees have been taken into account in determining the remuneration policy.
  - (d) Where a company grants variable remuneration, the remuneration policy shall set out clear, comprehensive and differentiated criteria for such remuneration and shall identify the financial and non-financial performance criteria, including, where applicable, those relating to corporate social responsibility, explaining how they contribute to the achievement of the objectives referred to in point (a) and the methods used to determine the extent to which the performance criteria have been met.
  - (e) It discloses any deferral period and the company's ability to require repayment of the variable remuneration.
  - (f) Where the company grants share-based remuneration, it shall disclose the vesting periods and, if applicable, the retention of shares after vesting, and explain how such remuneration contributes to the achievement of the objectives referred to in point (a).
  - (g) It shall state the duration of contracts or agreements with directors, the applicable notice periods, the main features of any supplementary pension or early retirement schemes, the terms of termination and the related payments.

(h) It explains the decision-making process used in determining, reviewing and implementing the contracts, including the measures taken to avoid or manage conflicts of interest and, where applicable, the role of the Appointments and Remuneration Committee and other committees that may have been involved.

(i) If the policy is reviewed, all significant changes and how any votes taken and views received from shareholders on the policy and the annual director remuneration reports since the date of the most recent vote on the remuneration policy at the general meeting of shareholders have been taken into account shall be described and explained.

2.4. The proposal for the remuneration policy of the Board of Directors shall state the reasons on which it is based and shall be accompanied by a specific report from the Appointments and Remuneration Committee. Both documents shall be placed at the disposal of the shareholders on the Company's website, from the time of the call to convene the General Meeting. Shareholders may also request that it be delivered or sent, free of charge. The notice of the General Shareholders' Meeting shall mention this right.

~~3. The approved Directors' remuneration policy shall remain valid for the three financial years following that in which it was approved by the General Meeting. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.~~

~~4. In the event that the annual report on directors' remuneration is rejected by consultative vote in the ordinary general meeting, the remuneration policy applicable to the following year must be submitted for the approval of the general meeting prior to application, even if the aforementioned three year term has not elapsed. Exceptions are made for cases in which the remuneration policy was approved at the same Ordinary General Shareholders' Meeting.~~

~~3.5. 5.~~ Any remuneration paid to ~~directors~~ Directors for holding or being removed from their positions and for performing executive functions must be consistent with the ~~directors'~~ Directors' remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting.

6. Companies may apply temporary exceptions to the remuneration policy provided that the remuneration policy sets out the procedure to be followed and the conditions under which such exceptions may be used and identifies the elements of the policy that may be subject to an exception.

The exceptional circumstances referred to in this paragraph shall only concern situations where a departure from the remuneration policy is necessary in order to serve the long-term interests and sustainability of the company as a whole or to ensure its viability.

7. Without prejudice to paragraph 1 of this Article:

a) if the proposal for a new remuneration policy is rejected by the General Shareholders' Meeting, the Company shall continue to remunerate its Directors in accordance with the remuneration policy in force on the date of the General Meeting and shall submit a new remuneration policy proposal to the next Ordinary General Shareholders' Meeting for approval; and

b) if the Annual Report on Directors' Remuneration is rejected in the advisory vote at the Ordinary General Shareholders' Meeting, the Company may only continue to apply the remuneration policy in force at the date of the General Meeting until the next Ordinary General Meeting is held."

**Article 217. Directors' remuneration.**

(...)

4. The ~~directors'~~ Directors' remuneration must invariably be in reasonable proportion to the importance of the company, its current economic situation and the market standards of its peers. The established remuneration system must be designed to promote the long term profitability and sustainability of the company and incorporate the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results."

**Article 219. Remuneration linked to the company's shares.**

1. ~~1.~~ In joint stock companies, when the remuneration system for directors includes the awarding of shares, share options or remuneration linked to the value of shares, said system must be explicitly mentioned in the company's Articles of Association and application of such provisions shall require an agreement by the General Shareholders' meeting.

2. ~~2.~~ The resolution of the General Shareholders' Meeting must include the maximum number of shares that may be allocated each year to this remuneration system, the exercise price or the system for calculating the exercise price of the share options, the value of the shares taken as a reference, if any, and the duration of the plan. ~~" "~~

**“Article 511 bis. Additional competencies.**

1. In listed companies, the General Meeting has competency for the following matters, in addition to those recognised in ~~Article~~article 160:

c) The directors’ remuneration policy under the terms established in this law~~”~~”.

**ANNEX TO SECTION I.B. CORPORATE STANDARDS**

**□ Articles of Association:**

**“ARTICLE 18. ~~”~~ GENERAL SHAREHOLDERS’ MEETING.**

The shareholders, when constituted as a duly summoned General Meeting, shall by the majority of votes provided for in Spanish law decide upon the matters that fall within the powers of the General Meeting.

The General Meeting is responsible for addressing and agreeing upon the following issues:

l) The Directors’ remuneration policy.”

**“ARTICLE 36.- REMUNERATION OF THE BOARD OF DIRECTORS.**

The position of Director shall be remunerated.

The General Shareholders’ Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairman of same, and in the case of the Independent Leading Director, a supplementary amount in remuneration of said function. The Board of Directors shall decide how the remuneration is divided as per the different remuneration items, taking into account the functions and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The implementation of said systems shall be presented to the General Shareholders’ Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who have executive functions in the Company, whatever the nature of their legal relationship with the Company, will also be entitled to receive remuneration for the performance of these functions, which must be set forth in a contract between the Director and the Company, which shall consist of: (i) a fixed remuneration, in cash and in kind, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives established for the Company’s Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. The Director will be entitled to compensation if he/she were asked to step down but it was not due to the discharging of duties.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

*The Company may take out civil liability insurance for Directors and ~~Senior~~ Managers.*

*The policy for Directors' remuneration shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting at least every three years as a separate item on the Agenda.*

*Directors' remuneration shall be disclosed in the legally established terms, in the Notes to the Annual Accounts, in the Annual Corporate Governance Report and in the Annual Report on Directors' Remuneration. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.*

*In the event that the Annual Report on Directors' Remuneration is rejected by consultive vote in the Ordinary General Meeting, the remuneration policy applicable to the following year must be submitted for the approval of the general meeting prior to application, even if the aforementioned three year term has not elapsed. Exceptions are made for cases in which the remuneration policy was approved at the same Ordinary General Shareholders' Meeting-~~"~~.*

**□** Rules and Regulations of the General Shareholders' Meeting and Rules and Regulations of the Board of Directors ~~of Enagás.~~

Both the Rules and Regulations of the General Meeting and the Rules and Regulations of the Board of Directors of Enagás include provisions correlative to the precepts of law and the Articles of Association transcribed above in relation to the remuneration of the Company's directors and managers and the functions of the General Meeting and Board regarding such issues.

The ~~Rules and~~ Regulations of the Board of Directors state the following regarding the directors' remuneration:

#### **"ARTICLE 16.- DIRECTOR'S REMUNERATION**

*1. The position of Director of Enagás, S.A. shall be remunerated in the manner provided in the Articles of Association, in view of the report issued by the Sustainability, Appointments and Remuneration Committee, as provided in Article 25 of these Regulations.*

*Director remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of Non-Executive Directors.*

*The Directors' remuneration policy shall determine the remuneration of Directors in their capacity as such, within the remuneration system provided for in the Articles of Association and will include the maximum amount of the annual remuneration to be paid to all the Directors in that capacity.*

*The remuneration of Directors for performing the executive functions provided for in contracts approved in accordance with the provisions of article 19.bis of these Regulations conform to the director remuneration policy, which must necessarily set forth the amount of the fixed annual payment and the variation therein in the period covered by the policy, the different parameters for setting the variable components and the main conditions of*



directors' contracts, and, in particular, the length of their contracts, compensation for early removal or termination of the contractual relationship, and exclusivity, post-contractual non-competition and seniority or loyalty arrangements.

The Board of Directors shall determine the remuneration of Directors for the discharging of executive duties and the terms and conditions of their contracts with the Company in accordance with the provisions of Article 19.bis of these Regulations and with the Directors' remuneration policy approved by the General Meeting.

The Sustainability, Appointments and Remuneration Committee shall establish the criteria for the remuneration of the Company's Directors, within the provisions of the Articles of Association and in accordance with what is indicated by the General Meeting. The Board of Directors is responsible for the definitive distribution of the global sum, within the limits established in the Articles of Association for this purpose and in accordance with the Directors' remuneration policy approved by the General Meeting, taking into consideration the duties and responsibilities attributed to each Director.

The Directors' remuneration policy will be adjusted to the remuneration system provided for in the Articles of Association and will be approved by the General Shareholders' Meeting at least every three years as a separate item on the Agenda.

The proposal for the remuneration policy of the Board of Directors shall state the reasons on which it is based and shall be accompanied by a specific report from the Sustainability, Appointments and Remuneration Committee. Both documents shall be placed at the disposal of the shareholders on the Company's website, from the time of the call to convene the General Meeting. Shareholders may also request that it be delivered or sent, free of charge. The notice of the General Shareholders' Meeting shall mention this right.

The approved Directors' remuneration policy shall remain valid for the three financial years following that in which it was approved by the General Shareholders' Meeting. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

2. The Directors' remuneration will be transparent. For this purpose:

- ~~————~~ The Notes, as an integral part of the Annual Accounts, will contain detailed itemised information on the remuneration received by each of the members of the Board of Directors, in their capacity as such, as well as the remuneration for the discharging of Senior Management duties by the Executive Directors.

- ~~————~~ The Sustainability, Appointments and Remuneration Committee must submit to the Board of Directors the proposed Annual Report on Directors' Remuneration, which will contain full, clear and understandable information on the Company's remuneration policy approved by the Board for the current year. It shall also include a global summary of how the remuneration policy was applied during the financial year, as well as a breakdown of the individual remuneration accrued by each of the Directors. The Annual Report on ~~Director~~ Directors' Remuneration, once approved by the Board, shall be distributed and submitted to an advisory vote, as a separate item on the Agenda, of the Ordinary General Shareholders' Meeting. In the event that the Annual Report on Directors' Remuneration is rejected by ~~consultative~~ consultive vote in the Ordinary General Meeting, the remuneration policy applicable to the following year must be submitted for the approval of the general meeting prior to application, even if the aforementioned three year term has not elapsed. Exceptions are made for cases in which the remuneration policy was approved at the same Ordinary General Shareholders' Meeting.

*Any remuneration paid to Directors for holding or being removed from their positions and for performing executive functions must be set forth in the corresponding contract, in accordance with the terms set forth in ~~Article~~ article 19.bis, and will be consistent with the ~~Directors'~~ Director remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting."*

**APPENDIX: CLEAN CONSOLIDATED TEXT**

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**DIRECTORS' REMUNERATION POLICY FOR 2022, 2023 AND 2024, THE AMENDMENT OF WHICH IS SUBMITTED FOR APPROVAL BY THE 2022 GENERAL SHAREHOLDERS' MEETING AS ITEM 8 ON THE AGENDA FOR THE PURPOSES OF ARTICLE 529 NOVODECIAS OF THE CORPORATE ENTERPRISES ACT AND ARTICLE 36 OF THE ARTICLES OF ASSOCIATION.**

Article 529 novodecias of the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010 (hereinafter, the "LSC") establishes that the directors' remuneration policy must comply with the remuneration system set forth in the Articles of Association and shall be approved by the general shareholders' meeting as a separate item on the agenda, so as to be applied for a maximum period of three fiscal years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

The Board of Directors (hereinafter, the "Board") of Enagás, S.A., (hereinafter, "Enagás" or the "Company") at its meeting held on February 21, 2022, agreed to submit for the approval of the General Shareholders' Meeting (hereinafter, the "Meeting"), for the purposes set out in Article 529 novodecias of the LSC and Article 36 of the Company's Articles of Association (hereinafter, the "Articles of Association"), the proposal to amend the "Directors' Remuneration Policy for the 2022, 2023 and 2024 financial years", (hereinafter, the "Policy") which was approved by the Shareholders' Meeting as item 10 on May 27, 2021. If approved, this Policy will replace in its entirety the Policy approved by the Enagás Board on May 27, 2021, without prejudice to the effects produced and consolidated under its validity.

The Sustainability, Appointments and Remuneration Committee (hereinafter, the "CSNR" or the "Committee") drafted the specific report referred to in Article 529 novodecias of the Spanish Corporate Enterprises Act on the amendments made to the Policy and was made available to shareholders in the way envisaged therein.

The Policy, approved under item 10 of the General Shareholders' Meeting held on May 27, 2021, which received 83.283% of votes in favour, is amended for the following reasons:

- (i) At the General Shareholders' Meeting called for March 30 and 31, 2022, the termination of the Executive Chairman's executive duties will be approved, and from that date he will have the status of non-executive Chairman of the Board of Directors. Mr Llardén has waived any compensation he may be entitled to as a result of the termination of his contract as an executive director of the Company. It is therefore necessary to modify the Policy, removing references to the Executive Chairman as an Executive Director of the Company, establishing his new remuneration conditions as a non-executive Chairman.
- (ii) As a result of the decisions adopted by the Board of Directors of Enagás on February 21, 2022, the Chief Executive Officer has been replaced, and it is therefore necessary to establish the remuneration conditions of the new Chief Executive Officer.
- (iii) A new target is included in the long-term variable remuneration described in the Policy.
- (iv) The maximum annual limit on the remuneration of directors in their capacity as such is modified.

For the purposes envisaged in Article 529 septedecies of the Corporate Enterprises Act, the Policy includes the maximum annual remuneration amount to be paid to all the directors in their status as such during the years in which the Policy is applied.

Likewise, for the purposes set forth in article 529 octodecies of the LSC, the Policy includes, with respect to directors with executive duties, the amount of the fixed annual remuneration and the other provisions referred to in article 529 novodecies of the LSC.

In any event, it should be noted that the contents of this Policy shall be understood to be without prejudice to any deferred payments to be made to current executive directors or executive directors removed prior to the approval of the amendment to the Policy, and which correspond to variable remuneration from previous years subject to the provisions of the policy in force at the time they were granted.

Law 5/2021, of April 12, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with regard to the promotion of long-term shareholder engagement in listed companies, establishes that the proposed new policy must be submitted for approval by the board before the end of the last year of application of the previous policy, and also incorporates the obligation to adjust the remuneration policy to the modifications introduced by this new legal text at the first meeting held six months after its entry into force. The Policy, approved by the General Shareholders' Meeting on May 27, 2021, is adapted to the aforementioned Law 5/2021.

This document describes the process of elaboration and determination of the criteria followed in the content of this Policy.

## **I. PROCESS OF DETERMINING THE DIRECTORS' REMUNERATION POLICY.**

### **A) FUNCTIONS PERFORMED BY THE CSNR.**

The Policy has been proposed to the Board by the Sustainability, Appointments and Remuneration Committee (CSNR). The CSNR held meetings specifically to prepare its proposal on January 7, January 13, January 22, February 3, February 18, February 22 and April 16, 2021. The CSNR has held a specific meeting to prepare its modification proposal on February 21, 2022. At this meeting, it was agreed to modify the Policy to propose to the Board, in accordance with the provisions of Article 529 quindecies of the Corporate Enterprises Act and Article 45 of the Articles of Association.

The functions of the CSNR in relation to the design and application of the Remuneration Policy are described in Article 45 of the Articles of Association, Article 25 of the Board Regulations and Article 8 of the CSNR Regulations. The text of these articles is included as an Annex to this Policy.

In preparing the proposed Remuneration Policy, the CSNR considered the external and internal factors detailed in the following sections.

## **B) REGULATORY FRAMEWORK.**

- **Corporate Enterprises Act:**

- Article 529 sexdecies. Remunerated.
- Article 529 septdecies. Remuneration of Directors in their capacity as such due to their membership on the Board.
- Article 529 octodecies. Remuneration of Directors for performing executive duties.
- Article 529 novodecies. Approval of the directors' remuneration policy.
- Article 217. Directors' remuneration.
- Article 219. Remuneration linked to the company's shares.
- Article 511 bis. Additional competencies.

The text of these articles is included as an Annex to this Policy.

- Law 5/2021, of April 12, which amends the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.

Given that the contents that this Law 5/2021 establishes in relation to the remuneration policy are adapted to the requirements of Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 amending Directive 2007/36/EC with regard to encouraging long-term shareholder engagement, Enagás has incorporated those contents into this Policy.

- **Articles of Association:**

- Article 18. General Shareholders' Meeting.
- Article 36. Remuneration of the Board of Directors.

The text of these articles is included as an Annex to this Policy.

- **Rules and Regulations of the General Shareholders' Meeting and Rules and Regulations of the Board of Directors of Enagás.** Both corporate rules contain provisions that correlate with the legal and statutory provisions transcribed above in relation to the remuneration of the Company's directors and senior managers and to the functions of the General Meeting and the Board in relation to such matters. It is worth highlighting the provisions of Article 16 of the Board Regulations with regard to the remuneration of Directors, the literal text of which is detailed in the Annex to this Policy.

## **C) RECOMMENDATIONS OF THE GOOD GOVERNANCE CODE OF THE CNMV.**

The Good Governance Code of the National Securities Market Commission (hereinafter the "CNMV") of February 2015, revised in June 2020, sets forth a series of recommendations, under the "comply or explain" principle, in relation to Directors' remuneration.

## **D) CONSIDERATION OF THE VOTING CRITERIA FOR INSTITUTIONAL INVESTORS AND THEIR PROXY ADVISORS.**

Enagás periodically carries out a consultation process with the main institutional shareholders and proxy advisors. The Board of Directors and the CSNR receive detailed information on this process for consideration in determining the Policy.

This Policy includes, for example, following a comment received from one of the main proxy advisors, a description of the process followed by the CSNR for the selection of the comparator group to be used as a reference for defining the parameters and limits of this Policy.

In addition, some of the improvements introduced in this Policy with respect to the previous policy valid until 2021 are also the result of the analysis of the recommendations of investors and benchmark indices. This is the case, for example, of the inclusion in this Policy of a specific chapter dedicated to defining the shareholding requirements established for the Executive Director.

## **E) CONSIDERATION OF THE REMUNERATION CONDITIONS OF EMPLOYEES AS A WHOLE AND THE PERSPECTIVE OF THE MANAGEMENT TEAM.**

The structure of the remuneration package for Enagás employees is based on the principle that it should be sufficient to attract and retain the best talent and be competitive within the sector, by rewarding employees for their contribution to the Group's results. It is guided by local market practice, as well as by the level of responsibility, reflecting the nature of Enagás' business. There is a clear alignment between the remuneration structures of senior management, including the Executive Director, and those of other employees, in the way remuneration principles are followed, as well as in the mechanics of the pay review process and the design of incentives, which are broadly consistent across the organisation.

The type of metrics to which the annual variable remuneration and long-term incentives are linked are aligned for the management team and the rest of the employees. There is a significant focus on performance-related pay, with appropriate levels of differentiation to ensure that remuneration is invested in the talent that will make the greatest contribution to the execution of Enagás' strategy.

The remuneration approach for the Executive Director is consistent with the remuneration package for members of the Management Committee and other senior managers. In general, a much higher proportion of the total remuneration of the Executive Director is linked to the Company's results, compared to other employees, so that remuneration will increase or decrease in line with corporate results, thereby aligning the interests of the Executive Director with those of Enagás' shareholders and other stakeholders.

Each year, the Board of Directors and the Committee are informed of the structure and amount of the remuneration structure for all employees. The Board of Directors, at the proposal of the CSNR, also considers the annual salary increase budgets for employees, as well as the remuneration of the management team.

### **E.1) Equal pay strategy.**

Based on the results of the diagnosis carried out and the strategy established by Enagás in the area of Diversity and Inclusion (D&I), and in order to achieve a leading position for Enagás in D&I for our stakeholders, which generates a competitive advantage for our business and favours innovation and commitment, the Company undertakes to implement the action plan defined in the aforementioned strategy over the period 2022-2024, to develop and consolidate its position in each of the areas of diversity at Enagás.

With regard to pay equity, Enagás undertakes to conduct an in-depth analysis of the Gender Pay Gap carried out by WTW in 2020 and 2021, with the aim of establishing an action plan under Fair Pay criteria to correct any gaps detected, beyond the obligations



established in the current legislative framework. This action plan will contain measures applicable to all Human Resources processes around the professional's life cycle.

## **F) MARKET CONDITIONS.**

### **F.1) Comparison groups.**

The CSNR has considered, as a further factor in the process of determining this Policy, the conclusions of various analyses by comparing the total remuneration strategy (market positioning and remuneration mix) of Enagás' Directors and management team, as well as the design of the various elements of remuneration, with market practice in comparable companies.

In order to define the market of comparable companies, a holistic view has been considered that includes competitors by activity, by capital resources and by talent. As a result, the comparison groups used are as follows:

- **Main group:** Ibex-35 Spanish energy companies (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa).
- **Two complementary groups:** Ibex-35 and European Transmission System Operators ("TSOs") and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena), for which public information is available.

Both the core and complementary Ibex-35 groups were used in previous policy development (2016-2018; 2019-2021). The group of European TSOs and companies with regulated revenues supplements the view by activity. These groups will also be considered in the evaluation of decisions on the implementation of this Policy.

### **F.2) Independent external advice.**

The CSNR has benefited from the independent external advice of the firm Willis Towers Watson, which carried out the market analyses indicated and presented alternatives for the design of this Policy. The CSNR also relied on the firm Garrigues, which advised on the legal and tax aspects referred to in this Policy.

## **II. ENAGÁS DIRECTORS' REMUNERATION POLICY FOR 2022, 2023 AND 2024.**

The essential purpose of this document is to submit the "Directors' remuneration policy for the 2022, 2023 and 2024 financial years" to the General Meeting for approval for the purposes envisaged in Article 529 novodecies of the Spanish Corporate Enterprises Act.

The Policy for the period 2022-2024 is intended to be of a continuing nature and therefore maintains the fundamental premises that inspired the previous Policies for the periods 2016-2018 (approved by the General Shareholders' Meeting on March 18, 2016 with 82.526% of votes in favour) and 2019-2021 (approved by the General Shareholders' Meeting on March 29, 2019 with 85.784% of votes in favour). Technical improvements have been introduced to enhance the alignment of the Policy with the interests of Enagás' stakeholders, particularly those of our shareholders. Specifically:

- The minimum permanent shareholding requirement for the Executive Director (described in section II.B.6) has been formalised. This strengthens the alignment of the Executive Director with our shareholders.

- A holistic view of the market has been considered through consideration of the aforementioned comparison groups.
- The *malus* and *clawback* clauses on variable remuneration, both annual and long-term, have been formalised. While the Board, at the proposal of the CSNR, was already empowered to implement them, this issue has been clarified in this Policy.

The first premise of this Policy is the commitment made by the Board to shareholders at the Ordinary General Meeting held in 2015 to introduce a Long-Term Incentive (ILP) in the remuneration structure of Executive Directors, which will also be applicable to the Company's management team, and which complies with the remuneration recommendations of the CNMV's Good Governance Code and with the most generally accepted criteria regarding these types of remuneration.

The second premise considered in this Policy is the obligation of the CSNR and the Board to maintain a remuneration policy that is suitable, in structure and amount, for achieving the objectives of the Company's Strategic Plan, promoting the creation of value for Enagás' stakeholders, particularly our shareholders, compensating capacity and effort proportionally and retaining the talent that the Company needs. These must be in accordance with general market conditions with respect to the Company's peers and its performance at all times.

To this end, a new analysis has been conducted on the adequacy of the Directors' remuneration position. As indicated above, three comparison groups have been considered in order to provide a complete picture of the market. Specifically, the main comparison group of Ibex-35 energy companies (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa) has been maintained, in line with previous policies. By way of contrast, the analyses have been supplemented with the remuneration information of the Ibex-35 companies (also considered in previous policies), as well as European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena). For these purposes, the known public data, for financial year 2020, were used.

These analyses were prepared with regard to the remuneration of the Directors in their capacity as such, the remuneration of the Executive Director and the remuneration of the members of the Management Committee and other Company managers.

In relation to the application of the previous 2019-2021 policy, the conclusions of the analyses indicate that the positioning of the remuneration of the Directors, the Management Committee and the rest of the Enagás management team is in line with or below the benchmarks established for financial year 2021.

From the quantitative point of view, the prudence criterion that was used in the definition of the previous policy was also applied in its implementation. An example of prudent implementation is the fact that, while there was a 10% cap on annual salary increases for the Executive Director, the CSNR and the Board did not make any salary changes for this group in any of the three years of implementation of the policy (2019, 2020 and 2021).

In this sense, the 2022-2024 Policy also includes the criterion of prudence as one of the main bases used in its definition.

The results of this analysis for each group, as well as the proposed remuneration positioning, are included in the following sections.

## **A) REMUNERATION OF DIRECTORS FOR THEIR POSITION AS SUCH FROM 2022 TO 2024.**

This is the remuneration received for acting as members of the Board of Directors, and whose maximum annual amount must be included in this Policy and approved by the General Meeting, in accordance with Article 529 septdecies of the Corporate Enterprises Act, Article 36 of the Articles of Association and Article 16 of the Board Regulations.

### **Analysis of current positioning and remuneration limit in 2024.**

As described above, a new **analysis** has been conducted **on the remuneration position** of Directors in their capacity as such with respect to three comparison groups:

- Main group, confirmed by the Spanish energy companies of the Ibex-35 (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa), and
- Two complementary groups: Ibex-35 and European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium, Open Grid Europe and Aena), for which public information is available.

This analysis was conducted using 2020 data and criteria similar to those used in the definition of the previous policy.

A more restrictive benchmark has been taken to set the **remuneration limit in 2024** than was taken in the previous policy:

- The remuneration cap in 2024 will be the limit which Directors' remuneration could reach after the three years' implementation of the Policy.
- In order to provide greater assurance in identifying the appropriate comparison group, the CSNR has analysed the data for the three groups mentioned above.
- In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.
- Thus, the remuneration limit in 2024 has been set at 90% of the median market share of the Ibex-35 energy companies in 2020.
- This limit is more restrictive than in the previous policy as it takes as a reference 90% of the median market share of the Ibex-35 energy companies considering the figures for 4 years prior to the year in which the limit is applied (2024 vs. 2020), while in the previous policy the reference was also 90% of the median market share of the Ibex-35 energy companies, but in this case the figures were 3 years prior to the year in which the limit was applied (2021 vs. 2018).
- Enagás' remuneration is below the maximum benchmark indicated.

## **Remuneration proposal for 2022, 2023 and 2024.**

### **Individual remuneration for directors and maximum annual limit for directors' remuneration**

As provided for under Article 529 septdecies of the Corporate Enterprises Act and Article 36 of the Articles of Association, the Board of Directors will pass a resolution determining how remuneration is divided for each remuneration item and for each Director, taking into account the duties and responsibilities attributed.

The individual remuneration of Directors for 2021, as set out in the 2019-2021 policy, based on the positions they hold and their attendance at meetings of the Board and its Committees was as follows: (i) a fixed annual amount of 100,000 euros for Board membership; (ii) an annual variable amount of up to 30,000 euros, depending on attendance to Board meetings; (iii) a fixed annual amount for membership in Board Committees of 25,000 euros; (iv) a variable annual amount of up to 5,000 euros, depending on attendance to Committee meetings; (v) a fixed annual amount of 15,000 euros for serving as President of each Committee; and (vi) a fixed annual amount of 15,000 euros for serving as Independent Leading Director.

The non-executive Chairman of the Board shall receive an additional fixed annual remuneration of 600,000 euros for discharging this duty. This additional remuneration is justified by the particular obligation that the exercise of the functions associated with the position of Chairman, as set out in LSC and in particular in article 46 of the Articles of Association, entails in a group of the size and complexity of Enagás, together with the institutional representation associated with the position.

These amounts would be maintained throughout the term of this Remuneration Policy (2022-2024), despite the fact that they could be revised, in all cases, observing compliance with the maximum reference indicated above, based on the Group's results and in certain circumstances such as, but not limited to, material changes in the business, mandate or responsibilities and exceptional performance of the Company. In these circumstances, the Board, at the proposal of and after a reasoned report from the CSNR, may decide to apply variations limited to 10%. This would be detailed and explained in the relevant Annual Report on Directors' Remuneration.

The maximum amount of annual remuneration to be paid to all the Directors in their capacity as such in financial year 2021, as approved by the General Shareholders' Meeting in 2020, amounted to 2,600,000 euros. During the period of validity of this Remuneration Policy (2022-2024), this limit amounts to 3,200,000 euros, notwithstanding the fact that it could be revised during its term in the event that the 10% annual variations indicated above are applied.

In order to determine this limit, the additional fixed remuneration of the Non-Executive Chairman and the maximum number of Directors established in Article 35 of the Articles of Association (sixteen) have been considered, as well as the maximum number of members on each of its Committees, which is seven, in accordance with Articles 44 and 45 of the Articles of Association. The number of ordinary meetings of the Board shall be eleven per year and there will be four meetings of each Committee.

## **B) REMUNERATION OF THE EXECUTIVE DIRECTOR FOR HIS POSITION AS SUCH FROM 2022 TO 2024.**

This is the remuneration to be received by the Executive Director (Chief Executive Officer) for discharging his executive duties and due to his contract approved by the Board of Directors in accordance with the requirements established in Article 249.3 of the Corporate Enterprises Act.

### **Analysis of current positioning and remuneration limit in 2024.**

As described above, a further analysis has been conducted on the remuneration position of the Executive Director with respect to the following comparison groups:

- Main group, confirmed by the Spanish energy companies of the Ibex-35 (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa), and
- Two complementary groups: Ibex-35 and European TSOs and companies with regulated revenues (Red Eléctrica, Indra, Snam, National Grid, REN, Gasunie, Fluxys Belgium and Aena), for which public information is available.

This analysis was conducted using 2020 data and criteria similar to those used in the definition of the previous policy.

A more restrictive benchmark has been taken to set the **remuneration limit in 2024** than was taken in the previous policy:

- The remuneration cap in 2024 will be the limit at which the Executive Director's remuneration could be capped after three years' implementation of the Policy.
- In order to provide greater assurance in identifying the appropriate comparison group, the CSNR has analysed the data for the three groups mentioned above.
- In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.
- Thus, the remuneration limit in 2024 has been set at 90% of the median market share of the Ibex-35 energy companies in 2020.
- This limit is more restrictive than in the previous policy as it takes as a reference 90% of the median market share of the Ibex-35 energy companies considering the figures for 4 years prior to the year in which the limit is applied (2024 vs. 2020), while in the previous policy the reference was also 90% of the median market share of the Ibex-35 energy companies, but in this case the figures were 3 years prior to the year in which the limit was applied (2021 vs. 2018).
- Enagás' remuneration is below the maximum benchmark indicated.

The positioning of the Executive Director with respect to this benchmark is one of the criteria that was considered to establish his proposed remuneration for the years 2022-2024, but it is not the main justification. Other criteria considered in establishing the proposed remuneration included: the evolution of the contribution of the position and the person, consistency with the evolution of the rest of the management team and the results of the Group.

The conclusions of the **analysis carried out** are still applicable in the case of the Executive Director, so that the total remuneration in 2022 is below the maximum benchmark set in

the 2019-2021 policy (90% of the market median in 2018) and below the maximum benchmark set for the 2024 financial year (90% of the market median in 2020).

### **Remuneration proposal for 2022, 2023 and 2024.**

Under the premise of maintaining continuity with the 2019-2021 Policy, a remuneration proposal for 2022-2024 was prepared with the following bases:

- Maintain the level of contribution to existing social security plans.
- Maintain the annual variable remuneration.
- Maintain, during the three years of the period, the remuneration for the Executive Director for his Board membership, as established in section II.A).
- Enable the possibility of applying variations to the fixed remuneration in the terms set out below.

In accordance with Article 529 octodecies.1 of the Spanish Corporate Enterprises Act, the following are detailed: the annual fixed remuneration amount for the Chief Executive Officer and the changes in the 2022-2024 period; the different parameters for fixing variable components and the main terms and conditions of their contracts, paying particular attention to their duration, compensation for early severance or termination of the contractual relationship and exclusivity, post-contractual non-competence, permanence and loyalty pacts.

#### **1. Remuneration for being a Director.**

From 2022 to 2024, the Executive Director shall receive the remuneration corresponding to his condition as Director, under the terms described in section II.A) above. The Chief Executive Officer, in his capacity as Executive Director, and in line with the provisions of Articles 44 and 45 of the Articles of Association, may not be member of either of the two Board Committees.

#### **2. Fixed remuneration.**

The fixed remuneration of the Executive Director in 2022 shall be 1,000,000 euros and shall apply from the date of approval of the Policy by the 2022 General Meeting.

This amount of fixed annual remuneration will be maintained during the period of validity of this Remuneration Policy (2022-2024). However, the Board of Directors may, at the proposal of, and following a reasoned report from, the CSNR, agree specific variations in the fixed remuneration of the Executive Director during the period of validity of this Policy. Increases to be agreed shall be justified on the basis of the following criteria:

- The evolution of the contribution of the position and the person.
- Consistency with the evolution of the rest of the management team.
- The results of the Group.
- Market benchmarks.

These potential variations associated with each year in which the Policy is in force may not exceed 10% of the fixed annual remuneration for the Executive Chairman.

These increases in remuneration shall be duly broken down in the Annual Directors' Remuneration Report, which is submitted annually to an advisory vote by the General Shareholders' Meeting.

Moreover, under the terms of the contracts approved by the Board, the Executive Director will receive remuneration in kind for the usual items in these types of benefits and similar ones to those for the Company's management team (i.e. car, medical insurance, etc.).

Likewise, the Chief Executive Officer will participate in a social security plan with the same characteristics and rights as those granted to Enagás senior managers under the Company Directors Insured Pension Plan, for which the Company will prepare a regulation adapted to the conditions of the Chief Executive Officer. This social security system may be externalised through the subscription of a life insurance policy of which Enagás would be the policyholder and the Chief Executive Officer the insured and beneficiary.

For the 2022-2024 period, no variations are expected in the items comprising remuneration in kind (i.e. benefits in kind; life insurance premium and contributions to the social security plan), and any possible differences in the amount thereof will arise from the application at any given time of the price increases and, where applicable, of the valuation rules applicable thereto.

The Executive Director is a member of the group insured by the civil liability policy that covers the contractual and non-contractual liabilities that correspond to the activities undertaken in his posts.

The Company shall pay the Executive Director the amounts incurred for travel, accommodation, board and other similar expenses as a result of carrying out his functions, in accordance with the expense and travel policy prevailing at the company at any given time.

### **3. Variable annual remuneration.**

As variable annual remuneration, the Executive Director is entitled to receive an annual variable cash bonus for meeting the targets set by the Board of Directors, at the proposal of the CSNR, for the corresponding financial year. The variable bonus cannot exceed 60% of the annual fixed monetary remuneration in any case.

It is linked to the achievement of a combination of financial and non-financial objectives, reflecting the priorities of the Strategic Plan. These objectives will include, among others, economic-financial and/or value creation metrics, as well as indicators linked to the sustainability strategy.

The Board of Directors, at the proposal of the CSNR, is responsible for determining the objectives at the beginning of each financial year and for evaluating their fulfilment at the end of the financial year, for which it has the support of the internal areas of the Company, which will provide it with information on the different categories of objectives and the results obtained.

In this respect, each metric has an associated achievement scale defined according to its variability and level of demand. The maximum total incentive is capped at 100%.

The Annual Report on Directors' Remuneration will provide a breakdown of the objectives and metrics, as is the Company's usual practice.

#### **4. Long-term variable remuneration.**

The Executive Director may be beneficiary of an ILP, as may members of the Management Committee and the rest of the Company's management team.

The 2016-2018 Policy included an ILP as part of the foregoing Executive Director Remuneration Policy (also applicable to members of the Management Committee and the rest of the Company's management team). That Policy stated that the ILP should be maintained as part of the Company's remuneration structure and in successive Directors' remuneration policies submitted to the Board for approval, and this was done in 2019.

Given the continuity of this Policy, as indicated above, it is recommended that a new ILP be applied for the 2022-2024 period. The structure and content of the ILP would likewise be in continuity with respect to the previous ones.

To this end, Enagás is considering the possibility of implementing a new ILP to be submitted for approval as Item 9 on the Agenda of the 2022 General Shareholders' Meeting, as well as in the Plan Regulations (hereinafter, the "Regulations"), with the following fundamental characteristics:

##### **4.1. Targets.**

- Boost the sustainable achievement of the targets set out in the Company's Strategic Plan.
- Provide the opportunity of sharing the creation of value by the participants.
- Enhance the sense of pertaining to the Company and a common destiny.
- Be competitive.
- Be aligned with the requirements of the institutional investors and proxy advisors and with the best good corporate governance practices, particularly those based on the recommendations of the Good Governance Code of the CNMV.

##### **4.2. Type of Plan.**

- A Plan for the 2022-2024 period with a three-year target measurement period.
- The Plan would provide for the delivery of shares linked to the objectives of the Strategic Plan.
- In the case of the Executive Director, 100% of the ILP would be settled by the delivery of shares in the Company.

##### **4.3. Duration.**

The period for measuring objectives and permanence would be 3 years.

##### **4.4. Period of settlement, deferral and retention of shares.**

At the end of the target measurement period, the First Payment Date, consisting of the immediate payment of 50% of the shares, would take place in 2025 within 30 days following the approval of the 2024 Annual Accounts approved by the General Shareholders' Meeting.

The Second Payment Date (50% deferred) would take place on the first anniversary of the First Payment Date.



In addition, the Executive Director would be entitled to receive, in the form of shares, the net dividends, if any, that he would have received between the First and Second Payment Dates (hereinafter, the "Deferral Period") if he had received all the shares on the First Payment Date.

The Executive Director would be obliged to maintain the shares received, net of tax, at the time of settlement of the Plan (mid 2025) for two (2) years for those received on the First Payment Date and one (1) year for those received on the Second Payment Date.

The Executive Director would have the right to receive, in the form of shares, the net dividends generated during the retention period as he is owner of the shares.

Therefore the ILP would not have a direct effect on the Executive Director's remuneration in 2022, 2023 and 2024, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year.

In 2025, 50% of the ILP would be settled, and the other 50% would be deferred to 2026, thus the Executive Director would be paid the incentive according to their Level of Attainment of targets over the multi-year period.

He would receive all this Incentive in the form of shares, and he would be obliged to maintain the shares received in 2025 for two (2) years, and those received in 2026 for one (1) year. In 2026, the Executive Director may freely dispose of the shares received.

#### **4.5. Conditions for receiving the incentive.**

The incentive would be linked to financial and non-financial metrics, reflecting the priorities of the Strategic Plan. Non-financial objectives linked to the sustainability strategy would be included.

Some of the metrics could be measured against a comparison group of companies that are competitors or perform similar activities.

Five objectives would be defined, so as to link one objective to each of the strategic guidelines established in the strategic update released in February 2021, in line with the arrangements for the annual variable remuneration:

- Target 1. To be linked to the strategic guideline of Shareholder Remuneration.
- Target 2. To be linked to the strategic guideline of Global Business.
- Target 3. To be linked to the strategic guideline of International and Diversification.
- Target 4. To be linked to the strategic guideline of Sustainability.
- Target 5. To be linked to the strategic guideline of Digitalisation.

The Board, at the proposal of the CSNR, approves the metrics, weightings, targets and, where appropriate, the comparator group at the start of the Plan to ensure continuous alignment with the Company's strategy. The Board of Directors, at the behest of the CSNR, reserves the right to modify the parameters established in the event of certain exceptional circumstances, to make them more adequate for new business circumstances, in which case they will ensure that the impact on the Plan is neutral.

Reception of the incentive would also depend on the Executive Director remaining with the Enagás Group until the date of Plan settlement, except under the special circumstances explained in the Plan regulations.

#### **4.6. Achievement scales.**

An achievement scale is established for each goal with:

- A minimum achievement level, below which no remuneration is paid.
- A 100% achievement level, for which 100% of the initial target remuneration is paid.
- A maximum total incentive which cannot exceed 125% of the initial target Incentive.
- Intermediate levels are calculated using linear interpolation.

#### **4.7. Incentive level.**

For the Executive Director the annual incentive in the 100% achievement scenario would be 50% of his annual fixed remuneration in 2022.

#### **4.8. Authorisation to implement the action plan.**

Pursuant to article 219 of the LSC, the resolution submitting the Plan for approval as item 9 on the Agenda for the 2022 General Shareholders' Meeting shall include the maximum number of shares that may be allocated in each financial year under this remuneration scheme, the value of the shares, if any, by reference, the duration of the plan and other features.

The Board of Directors has agreed to propose to the meeting to be held in financial year 2022 the proposed resolution relating to the plan referred to in Article 219 of the Corporate Enterprises Act so that the latter may contain the detail required by current legislation and good governance best practices, all in accordance with the provisions of this Policy.

If the minimum degree of achievement of objectives is not met, the incentive shall amount to zero.

#### **5. Malus and clawback clauses.**

In certain circumstances, the Board, at the proposal of the CSNR, may cancel ("malus") any variable components of the variable remuneration that are pending payment and/or may reclaim ("clawback") part or all of the variable components of the remuneration paid, when there are certain exceptional circumstances that affect the Company's results, or that derive from inappropriate conduct by the Executive Director.

The clawback clauses shall be applicable for a period of two years from the date of payment of the variable remuneration.

Among other circumstances, the variable remuneration may be cancelled and/or its return demanded in the following cases:

- If the Company's financial statements have to be restated for a reason other than the modification of the applicable accounting standards.
- If the Executive Director is sanctioned due to serious breach of the code of conduct and other applicable internal regulations.
- When any component of variable remuneration has been totally or partially settled and paid based on information which is subsequently clearly proven to be false or seriously inaccurate.

- Other circumstances not foreseen or assumed by the Company that have a material negative effect on the income statements for any of the years of application of the clawback clauses.
- When the Company's external auditor makes qualifications in the audit report that reduce the results taken into consideration to determine the amount of variable remuneration to be paid.

## **6. Minimum permanent shareholding requirement.**

This requirement, to which the foregoing Executive Directors were already committed, is formalised to reinforce the alignment of their interests with those of shareholders and the alignment of the Policy with corporate governance recommendations.

The Executive Director is required to reach and maintain a certain number of shares in Enagás, S.A. The requirement amounts to 2 years' fixed remuneration.

The deadline for meeting this requirement is five years from approval of the Remuneration Policy. For new appointments, the period shall run from the date of appointment.

In order to achieve this objective, the actions of non-vested incentives plan are not considered.

The CSNR shall periodically review compliance with this requirement.

## **7. Main terms and conditions of contracts**

For the purposes of Article 529 octodecies, the main terms and conditions of the contract with the Chief Executive Officer are stated below.

The relationship between Enagás and the Chief Executive Officer is governed by a "Service provision contract for the position of Chief Executive Officer", approved by the Board of Directors in accordance with all the requirements envisaged in article 249.3 of the Spanish Corporate Enterprises Act. The contract is aimed at regulating the rights and obligations for the parties as a result of the position of Chief Executive Officer, which corresponds to Mr Arturo Gonzalo Aizpiri since his appointment by the Board on February 21, 2022. The contract stipulates the period during which the Chief Executive Officer performs his duties as such.

The contract regulates the duties of the Chief Executive Officer and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event that the Company freely decides to terminate the contract for whatever reason, as long as this is not due to a breach or being guilty of any actions by the Chief Executive Officer or because the Company has failed to comply with its contractual obligations, the Chief Executive Officer will be entitled to an indemnity equivalent to two years' salary of his annual remuneration, understood as that held by the Chief Executive Officer at the time of the termination of employment plus the remuneration in kind and the last annual variable remuneration received.

The contract establishes an exclusivity arrangement for the Chief Executive Officer, through which he cannot provide services of any nature to third parties or participate in or form part of another company or legal entity without the Board's express authorisation. No economic compensation for the Chief Executive Officer is envisioned for this concept. The contract includes a non-competition arrangement after its termination, which expires two years afterwards. As compensation for this non-competition agreement, the Company shall pay the Chief Executive Officer 80% of the fixed annual remuneration for each of the years contemplated by the agreement. Nonetheless, the resulting amount shall be subtracted from the amount in his favour in the social security plan established by the Company. The Chief Executive Officer's permanence and loyalty are incentivised through his participation in the aforementioned social security plan established by the Company.

When necessary, the corresponding amendment of the Chief Executive Officer's contract shall be made in order to comply with the provisions of Article 249.3 of the LSC and the Recommendations of the CNMV's Good Governance Code.

### **C) ANNUAL CEILING ON BOARD REMUNERATION.**

The maximum total amount that the Company may pay its directors in each of the three years covered by this Policy (2022 to 2024) shall be the sum of the following items:

- A)** Maximum amount of remuneration to be paid to all of the Directors in their capacity as such, which amounts to the maximum annual amount of 3,200,000 euros and which would be maintained during the period of validity of this Remuneration Policy (2022-2024). This amount may vary by 10% per annum over the term of the Remuneration Policy.
- B)** The amount to be paid to the Executive Director in application of the various remuneration items listed and explained in section II.B) of this Policy.
- C)** The amount of the compensation referred to in heading II.B.7.1 of this Policy in the event of termination with a right to compensation of any of the Chief Executive Officer, as well as the amounts that could be paid corresponding to compensation for post-contractual non-competition agreements during the term of this Policy.

### **D) TEMPORARY EXCEPTIONS TO THE POLICY.**

The Board of Directors, at the proposal of the CSNR, may approve the temporary exceptions to the Remuneration Policy where it is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

In this regard, the Board of Directors shall be required to have a prior report from the CSNR assessing the circumstances that make it necessary to apply the temporary exceptions and the specific remunerations, within those provided for in section II.B), that should be subject to exception or modification.

The Board, after reviewing the CSNR's previous report, will determine whether the application of the temporary exceptions is appropriate, as well as the components that are affected by it.

In any case, the Company shall include in the Annual Report on Directors' Remuneration information on the exceptional situation that has led the Board to approve the application of the temporary exception, as well as the remuneration affected.

#### **E) CONTRIBUTION OF THE REMUNERATION POLICY TO THE STRATEGY, INTERESTS AND LONG-TERM SUSTAINABILITY OF THE COMPANY.**

The remuneration policy for Enagás is a key tool for promoting and communicating the company's strategic commitments and for aligning the efforts of all employees with these strategic commitments.

On the one hand, the annual review of the fixed remuneration of all employees is linked to the evaluation of their performance with respect to the company's values.

On the other hand, both the annual objectives and the multi-year objectives included in the short and long-term variable remuneration are defined in line with each of the strategic priorities.

Sustainability has been one of Enagás' strategic priorities since 2009 and is therefore included in the company's annual objectives, linked to the variable remuneration of all professionals, as well as in the Long-Term Incentive Plan.

The remuneration policy has therefore been and will continue to be a fundamental lever for sustainability to become a concept that is integrated into the day-to-day work of all areas of the company. This approach means that we can anticipate risks and opportunities arising from the context of transformation in which we are operating, thus creating ever greater confidence in our stakeholders.

In addition, the new remuneration policy includes a series of improvements aimed at reinforcing the commitment of the Executive Director and the management team to the company's long-term approach and its commitment to society. Some of the improvements introduced in this line have been to include a specific section on the shareholdings of the senior manager, as well as a section on the Equal Pay Strategy. Likewise, the malus and clawback clauses on variable remuneration, both annual and long-term, have been improved and formalised in order to reinforce the long-term commitment in management decisions.

For this reason, one of the principles on which the definition of this policy was based, and which is considered as such in the different sections of the policy, is to contribute to the long-term sustainability of Enagás.

#### **F) COMPANY REMUNERATION POLICY REGARDING THE MEMBERS OF THE MANAGEMENT COMMITTEE AND THE REST OF THE MANAGEMENT TEAM.**

This Policy, which is submitted for the approval of the Meeting for the purposes of Article 529 novodecies of the Corporate Enterprises Act, does not cover the remuneration policy that the Company will follow for members of the Management Committee and the rest of the Management team. This is without prejudice to the fact that changes in the remuneration of the members of the Management Committee must be submitted to the Board for approval in accordance with the provisions of article 249 bis of the Capital Enterprises Act.

However, to the extent that the entire remuneration policy of the Company should be considered as a whole, in this section the Board informs the Meeting of the policy that, as with the proposal for the Executive Director, will apply to the members of the Management Committee (currently ten, excluding Executive Directors) and the Managers (currently forty-two).

### **Analysis of current positioning and remuneration limit in 2024.**

The CSNR, with the collaboration of the independent consultant Willis Towers Watson, extended the analysis of the remuneration positioning to the members of the Management Committee and the rest of the Management team.

The comparison groups are those also used in the analyses carried out for Directors, i.e. Spanish Ibex-35 energy companies as the main group, as well as Ibex-35 companies and European TSOs and other companies with regulated revenues as complementary groups.

This analysis was conducted using 2020 data and criteria similar to those used in the definition of the previous policy.

A more restrictive benchmark has been taken to set the **remuneration limit in 2024** than was taken in the previous policy:

- The remuneration limit in 2024 will be the limit which the remuneration of the members of the Management Committee and the rest of the management team could reach after the three years of application of the Policy.
- In order to provide greater assurance in identifying the appropriate comparison group, the CSNR has analysed the data for the three groups mentioned above.
- In view of the analysis carried out, the CSNR ratified that the comparison group to be used when setting the limit for 2024 will be the same as that used in the previous policy (Ibex-35 energy companies), so that continuity could be given to the criterion used and thus facilitate the monitoring of wage change.
- Thus, the remuneration limit in 2024 has been set at 90% of the median market share of the Ibex-35 energy companies in 2020.
- This limit is more restrictive than in the previous policy as it takes as a reference 90% of the median market share of the Ibex-35 energy companies considering the figures for 4 years prior to the year in which the limit is applied (2024 vs. 2020), while in the previous policy the reference was also 90% of the median market share of the Ibex-35 energy companies, but in this case the figures were 3 years prior to the year in which the limit was applied (2021 vs. 2018).
- The positioning of the management team with respect to this benchmark is one of the criteria that was considered to establish their proposed remuneration for the years 2022-2024, but it is not the main justification. Other criteria considered in establishing the proposed remuneration included: the evolution of the contribution of the position and the person, consistency with the evolution of the rest of the management team and the results of the Group.

### **Remuneration proposal for 2022, 2023 and 2024.**

Apply annual increases that allow the target positioning to be reached (90% median of the benchmark market of Ibex-35 energy companies in 2020) by the end of financial year 2024.

The annual increases applied must have the approval of the Board at the proposal of the CSNR and must be justified based on the following criteria:

- The evolution of the contribution of the position and the person.
- Consistency with the evolution of the rest of the management team.
- The results of the Group.
- Market benchmarks.

The changes in the financial terms for members of the Management Committee must be approved by the CSNR and the Board in accordance with the provisions of Article 249 bis of the Corporate Enterprises Act. These changes will be made in accordance with the general policy set forth by the CNR for this purpose.

Changes in the economic conditions of the rest of the management team will be implemented in accordance with the general policy set by the Company.

The modifications referred to in the two preceding paragraphs may not entail individual annual increases of more than 20% of the fixed remuneration.